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Australia	1.50 A\$	Lyons	1.00 F	Oman	0.700 Rial
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France	6.50 F	Yokohama	240 Y.	Saudi Arabia	4.00 R.
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				U.S.M.	1.00 \$
				Yugoslavia	1.00 D.

## Turks Turn Down U.S. on Facility for Intervention Force

By Paul Taylor  
Reuters  
ANKARA — Turkey, pursuing creative political openings in the Middle East, has made clear it will not provide facilities for the U.S. Rapid Deployment Force in the region, according to Turkish and NATO officials.  
But they say Ankara is allowing the United States to develop bases in southeastern Turkey, which could be used, with approval of the North Atlantic Treaty Organization, to help thwart any Soviet move into the Gulf region.  
Since the Rapid Deployment Force was set up by the Carter administration after Iran's Islamic revolution of 1979, Washington has pressed Turkey, a major recipient of U.S. military aid, to provide military bases and logistical support.  
"The role the Turks are prepared to play is very different from what some people in the U.S. administration want," a U.S. official said. "I don't think we can expect much from them."

## Italy Communists Delay Key Craxi Austerity Measure

Washington Post Service  
ROME — Communist deputies used filibustering in the Italian Parliament to delay a key austerity program in the government of Prime Minister Bettino Craxi.  
The five-party coalition of Socialists, Christian Democrats, Republicans, Social Democrats and Liberals easily won a vote of confidence Monday on a Feb. 15 decree to revise the wage index, or *scala mobile*, of labor contracts to hold down inflation.  
The vote was 360 to 236 with one abstention. But because of Communist tactics in the Chamber of Deputies, the government was unable to call a required second vote in time to meet a midnight deadline, after which the decree's 60-day validity was to expire.  
The opposition has said it wants the scale mobile cuts to be limited to a six-month period — the government plan stipulates a year — and that after that the cost-of-living percentage points should be restored.  
It was unclear what concessions Mr. Craxi would be willing to make to satisfy both his Christian Democratic partners and soothe the opposition, while at the same time keeping the support of the National Manufacturers' Association, which backed the decree.



South African soldiers at Waterkloof Air Base in Johannesburg carry the coffin of one of the Americans killed in Namibia.

## 2 U.S. Officials Slain in Namibia Bomb Explosion

Compiled by Our Staff From Dispatches  
WINDHOEK, South-West Africa — Two U.S. officials monitoring South Africa's troop withdrawal from Angola were killed Sunday in a bomb explosion at a gasoline station in South-West Africa that has been a past target of guerrillas fighting for independence.  
A Western diplomat, source said that the explosion apparently was not aimed at the Americans and that they simply happened to be there at the time. However, the Johannesburg Star on Monday quoted unidentified sources as saying the explosive device may have been attached to the diplomats' car.  
A civilian from the South African-ruled territory also died and four persons were injured, the South African government said.  
South Africa's foreign minister, R.F. Botha, identified the Americans as Dennis Keogh, 44, director of the U.S. diplomatic office monitoring the troop withdrawal agreement, and Lieutenant Colonel Ken Crabtree, in his early 40s, a military attaché.  
Colonel Crabtree was killed instantly. Mr. Keogh died of severe burns on the way to a hospital.  
The two, en route to a briefing on troop withdrawal arrangements, were killed 25 miles (40 kilometers) from the Angolan border when the bomb, hidden in a gas canister, exploded at the station where they had stopped. The explosion blew apart their four-wheel drive car, flattened six pumps and destroyed the roof of the garage, witnesses said.  
Officials said they had not determined what type of explosive was used or how it was set off.  
No one claimed responsibility for the blast immediately.  
But Mr. Rajavi said, "How could any patriot oppose negotiations for a just peace when nearly one million Iranians have died in the war?"  
Mr. Bani-Sadr, 51, was elected president after the 1979 Islamic revolution, but later lost the backing of the clergy, which he needed to remain in power. He has helped Mr. Rajavi direct the Mujahidin, a leftist Islamic guerrilla group, from its headquarters in Auvers-sur-Oise, north of Paris.  
"Who can say that Saddam Hussein is any better than Khomeini?" Mr. Bani-Sadr asked, referring to the Iraqi president. "I have always preferred Iranians, even when they are traitors, to collaborating with foreigners."

## Reagan Stresses Soviet Threat in Central America

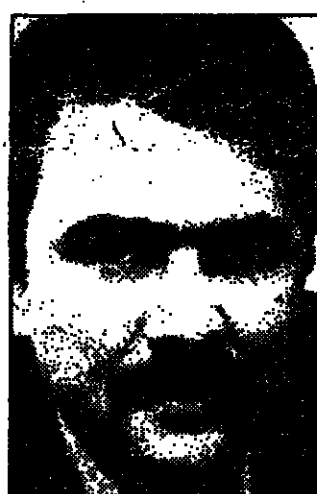
By Charles R. Babcock and Bob Woodward  
Washington Post Service  
WASHINGTON — The Reagan administration is trying to salvage faltering congressional and public support for its secret war against Nicaragua by focusing attention on Soviet and Cuban military build-ups in Central America and playing down the U.S.-directed mining of Nicaraguan harbors.  
In an effort to rescue \$21 million in funding for the covert operations, William J. Casey, the director of central intelligence, told the Senate last week that the CIA-directed mining of Nicaraguan harbors was not an integral part of the program. President Ronald Reagan and intelligence officials also began giving stronger emphasis to specific figures about the scope of the threat they see in the region.  
Officials of the Central Intelligence Agency have said that their data show:  
• The Soviet Union is spending \$4 billion to \$4.5 billion each year in Cuba and \$250 million to \$300 million elsewhere in Central America.  
• The Soviet Union has about 10,000 personnel in Cuba; 8,000 are technicians and 2,000 are military. There are also about 100 Russians in Nicaragua.  
• The Cubans have 7,000 to 10,000 personnel in Nicaragua, of whom 2,500 to 3,500 are military. Mr. Casey has said that the Cuban military personnel in Nicaragua have shaved their beards, discarded their Cuban uniforms and been integrated into many units of the regular Sandinista Army.  
Mr. Reagan cited similar, but slightly lower, figures on the Soviet-Cuban presence in Nicaragua in a radio address Saturday in which he said, "We cannot turn our backs on this crisis at our doorstep."  
Others in and out of the administration are skeptical of the CIA figures. A congressional source familiar with the intelligence estimates said Sunday, "My fear is that in the effort to save the program they will overstate their case and undermine the truth, which is that there has been a very substantial buildup" by the Russians and Cubans.  
That source noted, for instance, that the Soviet Union has sent new generations of air defense missiles, planes and maritime equipment to the area.  
Senator David F. Durenberger, a Minnesota Republican and a member of the Senate Select Committee on Intelligence, who has supported the administration's requests for covert funding, said Sunday that he questioned the troop numbers being used by administration officials.  
"The Sandinistas are supposed to be moving Cubans out," he said. "There are probably substantially fewer there than there were six months ago."  
Administration officials made themselves available to reporters on the weekend as part of the public relations offensive; and former Secretary of State Henry A. Kissinger and Jeane J. Kirkpatrick, the U.S. delegate to the United Nations, also appearing on ABC, urged the president to be more forceful in telling the public about the importance of U.S. interests in Central America.  
The U.S. backed mining clearly damaged the administration's support in Congress for the covert war. Sources said, for instance, that

## Security Aide For U.S. Slain In El Salvador

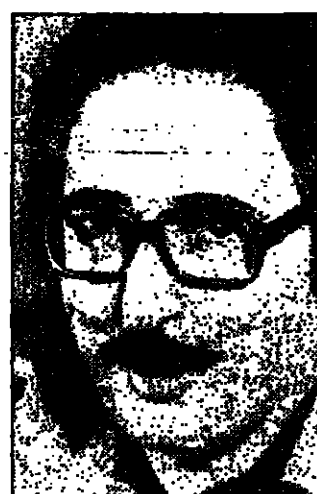
Compiled by Our Staff From Dispatches  
SAN SALVADOR — Unidentified gunmen shot and killed the highest-ranking Salvadoran employee of the U.S. Embassy security staff on Monday, witnesses said.  
The gunman, who were in a taxi, pulled up to Joaquin Alfredo Zapata Romero's car at a traffic light on the Boulevard de los Heroes, a main street in the Salvadoran capital, and opened fire, the witnesses said.  
Mr. Zapata's wife, Yolanda, was wounded in the neck. The couple's daughter, Lindora, who was riding in the car, was not injured.  
There was no immediate claim of responsibility for the attack.  
The witnesses' account was confirmed by officials at the U.S. Embassy. Both the witnesses and the embassy officials spoke on the condition that they not be identified.  
For many years, Mr. Zapata, 59, was head of the National Police's section of criminal investigations. At the embassy, his title was chief of local investigations.  
An embassy spokesman said that Mr. Zapata had worked for the embassy for eight years and had directed the 20-member embassy security staff.  
Meanwhile, a member of El Salvador's Central Election Council has left the country because of threats from rightist death squads, the Archbishop Arturo Rivera y Damas said in his weekly homily at the Metropolitan Cathedral in San Salvador.  
The Christian Democratic sources, who spoke only on the condition that they not be identified, said Mr. Meza Delgado decided to leave after several sticks of dynamite were found in his private offices.  
After the first round of voting

## Leading Khomeini Foes End Alliance Over Clash on How to End Gulf War

Reuters  
PARIS — A three-year alliance between leading opponents of the Iranian leader, Ayatollah Ruhollah Khomeini, has broken up in a clash of views over the Gulf war.  
The former Iranian president, Abolhassan Bani-Sadr, and the leader of the Mujahidin Khalil Massoud Rajavi, vowed to work together to overthrow Ayatollah Khomeini after their joint escape to France in July 1981. But recently the two men said political collaboration between them was no longer possible.  
In an interview, Mr. Bani-Sadr emphasized his disagreement with Mr. Rajavi's willingness to cooperate with Iraq in efforts to end the fighting between the two countries.  
"The Iraqis are the aggressors and to fall in line with them would create hostile feelings toward us in Iran," Mr. Bani-Sadr said. "It would allow Khomeini to say he alone was prepared to defend the country."  
But Mr. Rajavi said, "How could any patriot oppose negotiations for a just peace when nearly one million Iranians have died in the war?"  
Mr. Bani-Sadr, 51, was elected president after the 1979 Islamic revolution, but later lost the backing of the clergy, which he needed to remain in power. He has helped Mr. Rajavi direct the Mujahidin, a leftist Islamic guerrilla group, from its headquarters in Auvers-sur-Oise, north of Paris.  
"Who can say that Saddam Hussein is any better than Khomeini?" Mr. Bani-Sadr asked, referring to the Iraqi president. "I have always preferred Iranians, even when they are traitors, to collaborating with foreigners."



Massoud Rajavi



Abolhassan Bani-Sadr



Maria Perez, the mother of one of the slain children, weeps while telephoning a relative.

## 10 Found Shot to Death in New York House

New York Times Service  
NEW YORK — Ten persons have been found shot to death in Brooklyn, in one of the largest mass murders in New York in recent years. Police are still investigating the motive for the slayings.  
The bodies of five women and five children were found Sunday night at a two-family home in the East New York area by the husband of one of the victims.  
"The husband came running out; he was screaming and hysterical," said Carmine Rossi, the owner of a bakery next door.  
Mrs. Rossi, who saw the bodies, said the victims had all been shot in the head, as if executed.  
The five children who died were aged 6 to 14. A 2-year-old girl was found alive amid the victims by Mrs. Rossi and was taken to Brooklyn's Baptist Medical Center.

### INSIDE

- A Soviet Olympic official refused to confirm participation in the Summer Games. Page 3.
- Six Klansmen and three Nazis were acquitted in a case linked to the slaying of five Communists in 1979 in North Carolina. Page 3.
- The Wall Street Journal wins Pulitzer for international reporting. Page 4.
- Hospital acquisitions and mergers have increased the cost of U.S. medical aid. Page 5.
- China is ready to press President Ronald Reagan on arms sales to Taiwan. Page 5.
- West Germany's GNP is expected to grow 3 percent this year, up from 1.3 percent last year. Page 9.
- Chase Manhattan reported a 3-percent drop in first-quarter earnings. Page 9.

### TOMORROW

■ The American University Hospital of Beirut, where gunmen announced the arrival of wounded by firing into the air, is a barometer of chaos.

## Brazilians, Beset by Crime, Imposing Own Justice

By Alan Riding  
New York Times Service  
RIO DE JANEIRO — Osvaldo Otavio Pires was brought handcuffed into Elio's Bar in the Jardim Guanabara slum on the outskirts of São Paulo at about 8 A.M. on April 2. More than 100 men, women and children had gathered in the small, crowded building to await his arrival.  
Mr. Pires, 33, was thrust onto a bench facing the crowd and the handcuffs were removed. He was allowed to smoke a cigarette and drink a glass of rough liquor, but no one moved when he asked to see his two small children.  
Long feared in Jardim Guanabara, Mr. Pires then heard an array of charges of armed assault brought by the people filling the bar. After 20 minutes, participants in the morning session after, a voice was heard to say, "All those in favor of death raise their hands." Dozens of arms were lifted; apparently no one objected.  
Mr. Pires was pushed out of Elio's Bar and the crowd fell on him with sticks, poles and stones. Once he lay dead in the dusty street, police were called. When they arrived, they took the names and addresses of 45 people who said they had joined in the lynching. No arrests were made.  
A dozen other lynchings of criminals by São Paulo slum dwellers have been reported this year, including the beating to death of an accused rapist. The nature of the killing of Mr. Pires, however, suggested a step up in the urban warfare accompanying Brazil's deep economic slump.  
The incident illustrated a growing frustration at the government's apparent inability to control the current crime wave. And, in the absence of adequate police protection, various sectors of society are increasingly improvising their own — sometimes violent — responses to the problem.  
A poll in December by the Brazilian Institute of Public Opinion and Statistics indicated that 26 percent of the 600 people interviewed in Rio de Janeiro and São Paulo approved of lynchings and a further 33.1 percent did so "depending on the crime." More than 70 percent supported restoration of the death penalty.  
In a more recent Gallup Poll, inhabitants of the two cities identified crime as their principal problem, far ahead of the high cost of living and unemployment.  
In practice, most victims of assault have learned to surrender wallets or jewelry without putting up a struggle when confronted with a pistol, since those who resist are often killed. But on occasions when hangers-on of thieves have been grabbed by an angry crowd and beaten to death, many urban Brazilians readily celebrate a small victory in their so far losing battle against crime.  
Last December in São Paulo, Jefferson Figueira, a district attorney, grabbed a 15-year-old boy who was being chased along a downtown street after stealing a gold necklace from a woman. Witnesses said Mr. Figueira, 54, threw the boy to the ground and, with a large crowd watching impassively, jumped on him until he was dead. Again, no charges were brought.  
The authorities in São Paulo and Rio de Janeiro, both states now governed by opposition parties, concede difficulties in dealing with the problem. Their budgets have been affected by



## Nicaragua Says Town Seized Is Unimportant

The Associated Press

MANAGUA — Defense Minister Humberto Ortega Saavedra of Nicaragua has acknowledged that Costa Rica-based rebels have seized control of the Atlantic port town of San Juan del Norte.

The town of about 500 residents, situated 150 miles (243 kilometers) southeast of Managua, was attacked by rebels of the Costa Rica-based Revolutionary Democratic Alliance last Wednesday.

Edén Pastora Gómez, the leader of the Revolutionary Democratic Alliance, told a group of Costa Rican journalists who visited the town Sunday that the group planned to form a provisional government to administer the surrounding area.

Mr. Ortega said Sunday that retaking the town would be difficult because it is surrounded by mountains and thick forests. He said it is possible the rebels "will be able to continue operating in the area."

However, he said, San Juan del Norte was not an important economic or military objective.

Its capture "is only a propagandistic maneuver of the United States," Mr. Ortega said.

The defense minister spoke upon his return from a 15-day visit to the Soviet Union and North Korea. He said that in Moscow and Pyongyang, "We received political, moral

and material solidarity against the escalated aggression that we are suffering from the United States."

He did not specify the type of material help.

Daniel Ortega Saavedra, head of Nicaragua's ruling junta, said on a television and radio program Saturday: "A number of Costa Rican officials, including a vice minister with the last name Chacon, are receiving money from the CIA, in order to support the counterrevolutionaries that are operating from Costa Rican territory."

Costa Rica's deputy interior minister is Enrique Chacon.

Military sources said that besides seizure of the town near Nicaragua's southern border, fighting between rebels and government troops continued in at least five northern provinces.

### U.S. Plans Court Action

The United States has appointed a representative to the World Court to handle a complaint filed by Nicaragua. The Associated Press reported from The Hague.

Nicaragua filed the complaint last week to seek a halt to what it termed the "killing, wounding and kidnapping of Nicaraguan citizens" by rebels under the direction of the United States.

The day before, the United States had announced it would accept the court's jurisdiction in Central American disputes for a two-year period to prevent the court from being used for a "propaganda campaign."

"Apparently, the United States has some intention to appear before the court," a spokesman for the court said Sunday. However, he added, it was "possible that the American agent will argue why the World Court has no jurisdiction in this case."

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President Ronald Reagan and Vice President George Bush met before Mr. Bush left for the Geneva arms talks.

## Reagan Stresses Buildup By Cuba, Soviet Union

(Continued from Page 1)

although the CIA had mentioned the mining in reports to the congressional committees on intelligence, the references were minor and easily overlooked.

The CIA, which is charged by law with keeping House and Senate intelligence committees "fully informed" of its activities, has insisted that it briefed both the Senate committee and the House Permanent Select Committee on Intelligence about the mining. It said it told the House committee on Jan. 31 and the Senate committee on March 8 and again on March 13. In addition, it said, the Senate staff received an extensive briefing on April 2.

Mr. Moynihan said he first learned of the U.S. role in the mining in an article in The Wall Street Journal on April 6. As a result, he said, he voted with the majority of both houses for a nonbinding resolution that calls for an end to U.S. funding of the mining.

"This sentence was substantially repeated in a meeting on March 13," he said.

In a prepared statement, Mr. Moynihan said he was resigning as vice chairman because "this appears to me the most emphatic way I can express my view that the Senate committee was not properly briefed on the mining of Nicaraguan harbors with American mines from an American ship under American command."

The select committee is different from other committees in that its members are limited to an eight-year term. Mr. Moynihan's term is up at the end of this year. He said the Democratic caucus in the Senate would choose his successor as the ranking Democrat.

Another source said that John Kelly, an election specialist for the U.S. Agency for International Development, had temporarily left the country after receiving threats from a death squad in the past two weeks.

Salvadoran election officials said they will resign unless the country's provisional president, Alvaro Magaña, vetoes a bill to eliminate voter registration lists in the May 6 presidential runoff election.

Armando Rodríguez Equihual, president of the election council, demanded that Mr. Magaña veto the bill. "If not," he warned Saturday, "we will all submit our resignations."

Mr. Magaña declined to say whether he would sign the measure, approved Friday by the Constituent Assembly.

"I know absolutely nothing about how the law is written," he said. "Until I see it, I am going to remain totally on the sidelines."

The bill was introduced by the Nationalist Republican Alliance, a far-right party, and was supported by the conservative National Conciliation Party and the Salvadoran Authentic Institutional Party.

The Nationalist Republican Alliance is led by Roberto d'Aubuisson, who was forced into the May 6 runoff against the Christian Democratic Party candidate, José Napoleón Duarte, in the first round of voting.

If signed by Mr. Magaña, the bill would eliminate the use of voter registration lists that the election council argues are an important safeguard to prevent double voting and fraud in the runoff.

Under the former method, used in the 1982 voting for the Constituent Assembly, eligible citizens cast their ballots at any polling place simply by presenting their identification cards and having their fingers marked by special ink to show they had voted.

The new registry, created with the aid of \$3.4 million in U.S. funds, was designed to reduce the chance of fraud.

(AP, UPI)

## Gulf War Adds Urgency To Geneva Arms Talks

By Brendan Murphy

International Herald Tribune

GENEVA — A set of photo albums, distributed by the Iranian mission here, has been circulating among the 40 national delegations participating in the United Nations Conference on Disarmament.

They document the ugly visage of chemical warfare with large color photographs of burned, blistered and apparently blinded victims of the chemical arms Iraq allegedly has used in its war with Iran.

This use of chemical arms in the Gulf war, confirmed in a March 26 UN report, has lent what one negotiator called a "keen urgency" to the chemical arms talks held here in one form or another for 15 years.

"It underlined the fact that we've got a hell of a problem," said Gerald R. Skinner, Canada's deputy representative at the conference.

The talks will enter a new phase Tuesday when Vice President George Bush proposes a U.S. draft treaty outlawing the production, stockpiling and use of chemical weapons.

According to Louis G. Fields Jr., the U.S. representative at the conference, the document will present the definitive U.S. position on a "complete and verifiable" chemical arms ban.

President Ronald Reagan met with Mr. Bush on Monday before sending him to Geneva to present the U.S. proposal. The Associated Press reported. But in Moscow, a Soviet statement said Washington had set forth "patently unacceptable conditions."

In Geneva, the chief Soviet negotiator, Lev Naumov, criticized as "counterproductive" the timing of the U.S. proposal, which he had not yet seen. He said it had created "illusions and expectations" within the conference's spring session, which will end soon.

But Mr. Naumov said, "We are very anxious to come to a result as soon as possible."

Diplomatic sources said that the chemical attacks reported in the Gulf war could serve to reduce Soviet annoyance stemming from U.S. allegations that the Soviet Union has employed toxic weapons in Afghanistan and backed their use in Cambodia.

Until the Gulf violations of the 1925 Geneva protocol banning the use of chemical arms, discussion of the employment of such arms was "problematic," according to Frank Elber, West Germany's negotiator.

"The Russians feared that Afghanistan and Cambodia were in mind," Mr. Elber said. "This allows everybody to participate."

Iran is a participant in the conference but Iraq is not.

There is a general desire to avoid direct discussion of the Gulf chemical arms problem for fear that this could sidetrack negotiations.

"We think that anything we can do to isolate or insulate that kind of

thing from the negotiations is all to the good," Mr. Skinner said.

The Iranians have also adopted this position. They initially criticized the conference over the alleged Iraqi violations, noting that the UN report determined chemical arms were used without assigning blame.

The Conference on Disarmament can do nothing," said Jalil Zaharia, second secretary of the Iranian mission in Geneva. "It is a negotiating body."

Mr. Zaharia said Iran wanted a "new undertaking" by Iraq on not using the arms, coupled with a UN inspection in Iraq and destruction of chemical arms stocks.

Though the Gulf crisis has influenced the Geneva talks, the delegations are more directly concerned with the U.S. proposal. This will be the first time that the United States has put its views into formal treaty language.

The United States and the Soviet Union remain divided on a number of points, but one central issue concerns verification of compliance.

The United States has advocated a substantially open approach to checking treaty observance.

But Western negotiators say the Soviet Union has hedged endorsing this, although it has backed international verification of the destruction of existing arms.

According to Mr. Skinner: "The Russians, but not only the Russians, are going to have a hard time accepting the kind of snooping around that you have to do."

Mr. Naumov agreed that some form of verification was necessary. "To be sure, it is very important," he said in an interview. "We will have doubts, of course, as the Americans will have doubts about us."

But he said a wide-open system would be "too burdensome" and open to abuses. Mechanisms to assess the validity of challenges must be established, he said.

Mr. Elber said he believed the participants were leaning toward a plan providing for exceptions to a system of inspections mandated by an international panel.

Despite the hurdles that remain, Mr. Elber said he saw a new impetus in the talks. He said the interruption of nuclear arms talks, which followed U.S. deployment of intermediate-range missiles in Western Europe to counter new Soviet SS-20s, has shifted emphasis to talks on chemical weapons.

Mr. Fields cautioned against reading too much into progress at the chemical arms talks, but he conceded that successful negotiations could mirror larger relations.

## Security Aide For U.S. Slain

(Continued from Page 1)

March 25 in the country's presidential election, a rightist death squad, the Secret Anti-Communist Army, said it would investigate bureaucratic errors in the voting and would take action against election council members they deemed responsible.

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(AP, UPI)

Bonn Party Chief in Warsaw

United Press International

WARSAW — Wolfgang Mischnick, a chairman of the Free Democratic Party, which is a partner in West Germany's ruling coalition, arrived Monday on a four-day visit.

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(AP, UPI)

## WORLD BRIEFS

### Dutch Missile Compromise Reported

THE HAGUE (AP) — The Dutch government is considering a compromise plan to defuse public opposition by storing its share of NATO cruise missiles in other NATO countries, according to a report Monday by the Rotterdam newspaper Algemeen Dagblad.

The paper said that the plan, which had been "under intense study" by two cabinet committees in recent weeks, called for complete preparation of deployment sites in the southern Netherlands but peacetime storage of the nuclear cruise missiles in neighboring NATO member countries.

The Algemeen Dagblad report, which was unattributed, said that under the compromise plan the cruise missiles would be transported to the Netherlands "if the international situations demands." Spokesmen for the Defense and Foreign ministries declined to comment on the report.

### Bonn Outlines Relief for Farmers

BONN (Reuters) — The government Monday announced a 2-billion Deutsche mark (\$800,000) relief package for farmers affected by changes in the European Community pricing system.

West German farmers will lose an average 5 percent in their incomes following the decision to start phasing out cross-border taxes on farm trade, which favors countries with strong currencies.

This will be partly offset by government-subsidized concessions in the amount of value-added tax that farmers pay, which will boost their incomes by 3 percent, Agriculture Minister Ignaz Kiechle said at a news conference. In the dairy sector, where milk production will be cut sharply, farmers who agree to get out of the business will receive 1 mark (40 cents) per kilogram of milk produced, spread over 10 years.

### Talks on Hong Kong Progressing

BEIJING (AP) — The British foreign secretary, Sir Geoffrey Howe, said Monday he was "heartened by the progress" of talks with the Chinese on Hong Kong's future and looked forward to an agreement maintaining the colony's stability and prosperity.

His Chinese counterpart, Foreign Minister Wu Xueqian, referred to a "good foundation" for an agreement but spoke of pushing the talks forward to reach an early accord. The remarks came in toasts at a welcoming banquet for Sir Geoffrey and his party in the Great Hall of the People after a day of negotiations.

Following afternoon talks concentrating on China's plan to recover sovereignty over Hong Kong when Britain's 99-year lease expires in 1997, a Chinese government spokesman said the atmosphere had been "warm, friendly and earnest."

### E. German Flees to West Via Pakistan

ISLAMABAD, Pakistan (AP) — An East German woman who crossed into Pakistan after a daring escape from Afghanistan has been secretly flown to West Germany to be granted political asylum, an informed source said Monday.

The woman, Kristin Beck, quietly left Pakistan on Saturday, the source said, adding that secrecy had been necessary in order not to endanger future escape attempts. She had arrived in Pakistan a month ago.

Miss Beck, 25, is believed to be the first citizen of an Eastern bloc country to have sought asylum from Afghanistan since Soviet forces entered the country nearly five years ago. Last week Miss Beck disclosed that she had arrived in Afghanistan last September for language studies, only to become unhappy with life there. She said she spent weeks before she located a Moslem rebel group to get her out of the country.

### Mauroy Says Plane Strayed Over Base

PARIS (Reuters) — The overnight of a top secret French naval base by a Soviet civilian aircraft Friday was not deliberate, Prime Minister Pierre Mauroy said Monday.

Mr. Mauroy said in a statement that a Tupolev-134 of the Soviet airline Aeroflot had strayed into prohibited airspace over Toulon in southern France for one or two minutes Friday evening. But he said: "Investigations have led us to conclude that this infraction did not correspond to a deliberate objective."

French military authorities had ordered an investigation into the incident, which happened while the nuclear attack submarine Rubis and the aircraft carrier Foch were in the harbor.

### Ex-Soviet Ambassador Visits Egypt

CAIRO (NYT) — The former Soviet ambassador to Egypt, Vladimir Poliakov, arrived Monday in Cairo for a weeklong official visit at the Soviet Union's request. Senior Egyptian officials said privately that it did not preclude an immediate resumption of diplomatic relations.

They said Mr. Poliakov was visiting as head of the Soviet Foreign Ministry's Near East affairs department. The Egyptian Foreign Ministry said he met Monday with Butros Butros Ghali, the foreign minister, to discuss bilateral relations.

Mr. Poliakov and six of his diplomatic staff were expelled when President Anwar Sadat broke off relations in September 1981. Mr. Sadat, who was assassinated by Moslem fundamentalists one month later, had accused the Russians of colluding with Egyptian opponents of his government.

### U.S. Justices to Rule on PAC Spending

WASHINGTON (AP) — The Supreme Court agreed Monday to decide whether political action committees (PACs) may spend unlimited amounts of money to back a presidential candidate.

But the court left unclear whether it will decide the issue in time for this year's campaign, in which conservative groups are planning to spend as much as \$20 million in support of President Ronald Reagan.

The justices said they would study the federal law limiting any political committee's spending to \$1,000 for a presidential candidate whose campaign is publicly financed. It did not answer a special request that it consider the case quickly. A three-judge federal court struck down the law as unconstitutional on Dec. 13, ruling that it violates free speech rights.

### U.S. to Offer Alaskan Offshore Leases

WASHINGTON (AP) — The U.S. government will offer offshore petroleum leases Tuesday in nearly six million acres of Alaskan waters claimed by the Soviet Union.

The lease sale, part of the Interior Department's five-year program to bring large offshore areas into production, probably will attract 25 to 30 bidders, an Interior Department spokesman said. But both the Interior and State departments said nobody can drill there, even with a winning bid, while the two countries try to settle the boundary.

The U.S. and Soviet representatives have held three rounds of technical discussions over just where the ocean boundary ought to be, a State Department official said when the offering in the disputed area was disclosed in an official notice last month.

### Nigeria's Ex-Leaders to Stand Trial

LAGOS (Reuters) — Former President Shehu Shagari, along with other senior politicians from Nigeria's ousted regime, is to face a military tribunal, a member of Nigeria's ruling supreme military council was quoted as saying Monday.

Brigadier Paul Omu, a council member and chairman of the main tribunal, was reported by the National Concord newspaper as saying that all senior former politicians would be tried, including the former president and his vice president, Alex Ekwueme.

It was the first official word that Mr. Shagari, overthrown in a military coup last December 31, would definitely face trial. Previously the country's new leaders said he would face the tribunal if anything were found against him.

### For the Record

A 48-hour strike in Portugal by Communist-led rail unions affected traffic south of Lisbon Monday and halted ferry services across the Tagus River, but service in the center and north was almost normal, a railroad spokesman said. (Reuters)

Italian negotiators will make a third visit to Moscow soon to resume politically delayed talks on Italy's purchase of methane gas to be delivered by the Siberian pipeline, the state energy corporation ENI said Monday. (Reuters)

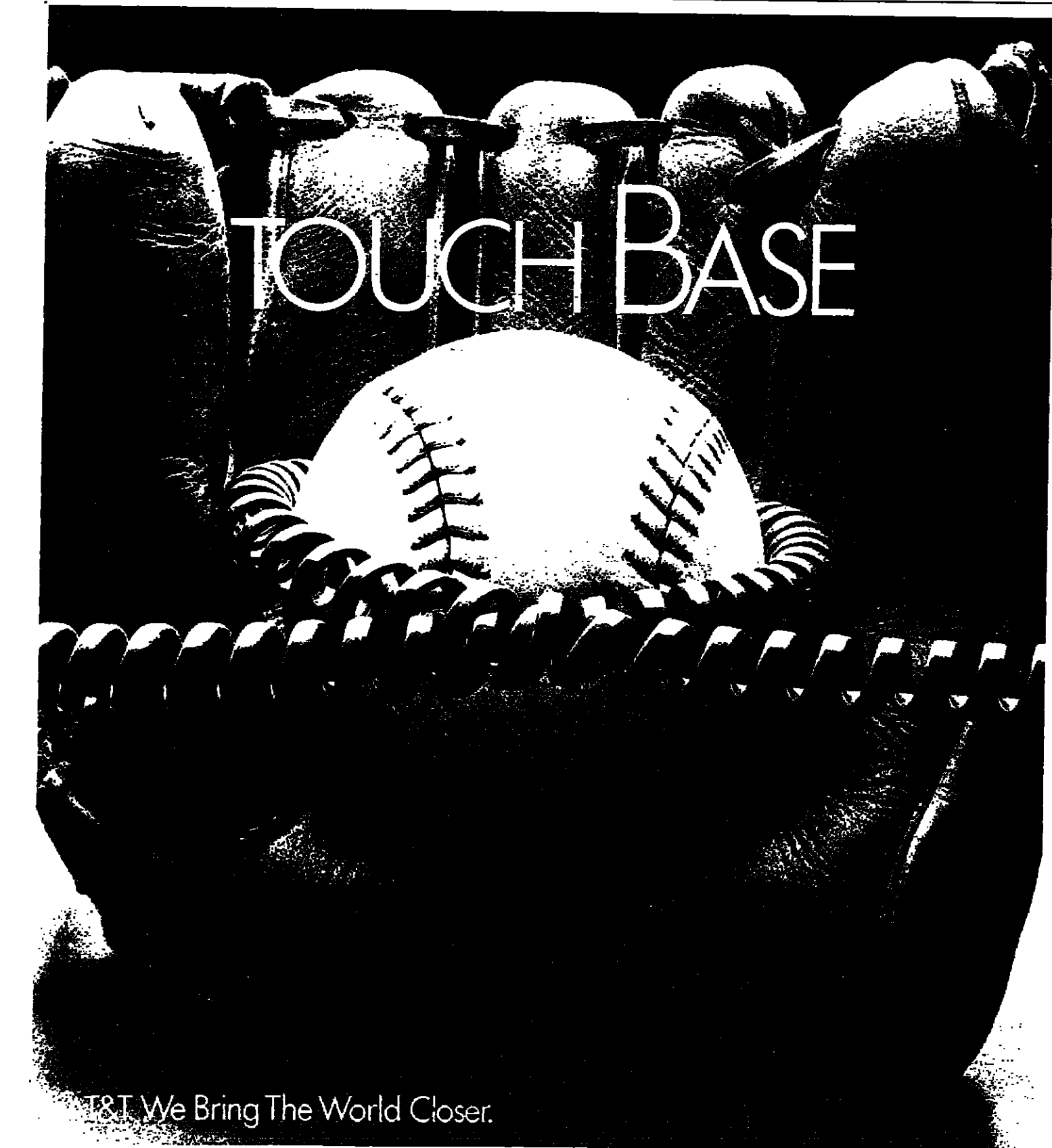
Buses in Copenhagen started rolling again late Monday after the transit authority announced the suspension of a driver whose refusal to join a union triggered strikes. A million riders were without bus service since Friday. (AP)

More than 250,000 Australians waved banners and marched in cities across the continent Sunday to protest the nuclear arms race. (UPI)

A British intelligence officer, Michael John Bonney, 34, who three times offered to spy for the Soviet Union, was convicted Monday on 10 charges under the Official Secrets Act. He was sentenced to 25 years in prison. (AP)

Bolivia's unions, angered by a government austerity measures, left the country paralyzed by a general strike Monday and threatened an indefinite stoppage from next week. (Reuters)

Britain made a new appeal to the Soviet Union Monday for the release from prison in Berlin of Hitler's former deputy, Rudolf Hess, who will be 90 this month, the Foreign Office said. (Reuters)



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## 'Electability' Shapes Up As Hart's Major Issue

Senator's Claim He Can Beat Reagan May Have Little Influence on Voters

By Adam Clymer

NEW YORK — "The electability issue is going to dominate the nominating process from now on and I have demonstrated that I am more electable than Walter Mondale," Senator Gary Hart of Colorado said Friday in South Tucson, Arizona, striking what is becoming a key theme in his campaign.

Dotty Lynch, his pollster, said in an interview the same day that the campaign was focusing on one Mondale weakness, the "persistent

such meetings, reserving 14 percent of the delegate votes for elected officials and party leaders, a group to which the ability to win would surely appeal if the rest of the delegates were closely divided.

The essence of the argument is that Mr. Hart's greater strength with independents and younger voters makes him a better candidate for the Democrats than Mr. Mondale. Aside from polling data, it is based on judgments that the Republicans would rerun their successful 1980 campaign and try to tie Mr. Mondale to former President Jimmy Carter.

### NEWS ANALYSIS

feeling that he can't beat Reagan" and the evidence in many national polls that Mr. Hart could do better in the presidential election.

There are problems with this approach, especially Mr. Hart's record in New York and Pennsylvania. Moreover, the premise that Mr. Mondale faces eventual defeat is debatable and the strategy that follows from it has failed in the past. But the Hart campaign still sees it as a valuable tool for enticing Democrats whose desire to defeat President Ronald Reagan is stronger than their affection for Mr. Hart or Mr. Mondale.

Even so, there is little evidence so far that people are casting primary votes on the basis of considerations about who has the best chance in November. They are voting for whomever they like best at the moment, as they did in earlier years when rejecting such mainstream, presumably electable candidates as Nelson A. Rockefeller, Edmund S. Muskie and Hubert H. Humphrey in 1972. Henry M. Jackson in 1976, George Bush and Howard H. Baker Jr. in 1980, and John Glenn this year.

"Arguments about future electability carry more weight with the political types than with ordinary voters," said Michael R. Kagay, a vice president of Louis Harris and Associates, the polling concern. "A voter going to the booth in the spring is more likely to vote his or her preference at the time without as much future calculation as you'd find in a room full of politicians. Most people are what you'd call sincere voters."

But in some respects the 1984 Democratic campaign offers one of the best chances in years for the electability argument to prevail. First, it does not have to overcome a passionate, intense following, like the George S. McGovern backers who defeated Mr. Muskie and Mr. Humphrey in 1972, or the Barry Goldwater troops who bested Mr. Rockefeller in 1964. Mr. Mondale's support may be deeper than it seemed six weeks ago, but it is certainly not fanatic.

Second, the Democrats have deliberately made their 1984 convention less of a grass-roots, activist gathering than the previous three

The polls help the general argument. The New York Times-CBS News poll, involving 862 registered voters from March 21 to 24, found a narrow difference in the Democrats' standing against Mr. Reagan. The president led Mr. Mondale, 51 percent to 33 percent, and he led Mr. Hart, 48 percent to 36 percent.

A larger gap showed in the March 16-19 Gallup poll of 1,045 registered voters. Mr. Reagan led Mr. Mondale, 52 percent to 44 percent, while Mr. Hart led the president, 49 percent to 47 percent.

A still bigger spread was evident in a compilation of three Harris surveys taken between March 8 and April 8, involving 3,771 "likely voters." It found greater Hart support not only among independents but also among Republicans, Roman Catholics and even the poor (a Mondale plus in most polls). Mr. Reagan led Mr. Mondale, 55 percent to 39 percent, but was just about even with Mr. Hart, with 48 percent to the Colorado senator's 47 percent.

Some of those differences may diminish, especially if Mr. Mondale continues to win primaries and caucuses. Greater electability in November is an especially hard argument to make while losing party elections.

And it is risky to lean too heavily on public opinion this year, for it swings wildly. Not only do preferences between candidates shift from week to week, so do presumably stabler views. For example, although there was no net change between February and March in Democrats' views of how Mr. Reagan handled the presidency, fully one-fifth of the individual Democrats in a Times-CBS News poll changed their own opinion, from approval to disapproval or vice versa.

Peter D. Hart, Mr. Mondale's pollster, rejects arguments based on this kind of polling data, saying, "These attitudes are changing on an awful regular basis." And he scoffs at the perception of Mr. Mondale as a sure loser, saying it comes from the same Washington perspective that once saw him as a certain nominee, then decided Mr. Hart was a cinch to be nominated and now has turned back toward the former vice president.



Virgil L. Griffin, a Ku Klux Klan leader, and his wife, left U.S. court after his acquittal with eight others in a rights case tied to the slaying of five Communists in 1979.

## 6 Klansmen and 3 Nazis Acquitted in Rights Case

New York Times Service

WINSTON-SALEM, North Carolina — An all-white jury acquitted six Ku Klux Klansmen and three American Nazi Party members of civil rights violations in the killing of five members of the Communist Workers Party and the wounding of seven others in 1979.

Five of the defendants were among six men acquitted in 1980 of murder and rioting charges stemming from the deaths at a rally in Greensboro.

"Praise the Lord," said Jack W. Fowler Jr., a former Nazi Party member from Winston-Salem after the verdict was announced Sunday in U.S. court. Other defendants wept, and one, Roland Wayne Wood, also a former Nazi, knelt in the courtroom.

Dale Sampson, 35, the widow of William Sampson, who was shot to death at the rally Nov. 3, 1979, also wept. "This is a real go-ahead for the Klan and Nazis to kill people," she said.

Lewis Pitts, a lawyer representing relatives of the slain Communists, criticized the government's handling of the case. He said the civil rights charges against the Klansmen and Nazis had been brought under too narrow a provision in the laws. Mr. Pitts said under the laws cited in the charges, the government had the burden of proving the defendants were motivated by the shootings by racial hatred. At the trial, the defendants had sought to prove that they were motivated by anti-Communism and patriotism.

The other defendants were Virgil L. Griffin, a Klan leader; David

Wayne Matthews, a Klan member; Edward W. Dawson, Jerry Paul Smith, Roy C. Toney and Coleman B. Pridmore, all former Klansmen; and Raeford Milano Caudle, a former Nazi party member.

The case concerned a gun battle on a public street involving Klansmen, Nazi party members and members of the Communist Workers Party. Videotapes of the event made by TV news crews appear to show Klansmen and Nazis methodically firing at Communist demonstrators and others.

Public interest intensified in November 1980 when six Klan and Nazi members were acquitted of murder and rioting charges after a state trial in Greensboro.

By the end of that trial, press accounts had also revealed the presence of two government agents among the Klansmen and Nazis.

A question left unanswered at that trial was why there were no uniformed police on the scene when the shooting broke out.

In 1980, relatives and survivors of the shootings also filed a \$48-million U.S. civil suit in which they said federal, state and local officials had conspired with Klansmen and Nazis to violate the rights of persons killed at the rally. That suit is scheduled for trial in August.

In March 1982, the U.S. Justice Department convened a federal grand jury to investigate the case. In April 1983, the grand jury handed up an indictment of 14 counts alleging a variety of civil rights violations against the nine defendants.

In the trial, which began Jan. 9, the jury heard testimony from 120 witnesses and saw hundreds of exhibits. The prosecution relied extensively on technical evidence to untangle the 88-second gun battle in which 39 shots were fired.

The videotape shows only several of the shots being fired. An FBI expert analyzed sounds and echo patterns on the videotapes to pinpoint the locations of the shots.

But the lawyers for the defendants argued that the videotapes were misleading and that other key scientific prosecution evidence was wrong. They said their clients shot only in self-defense after being set upon by a Communist mob while driving past the rally site.

Each side claimed the other side fired the opening shot. The government, however, said its evidence showed Klansmen and Nazis fired the first 11 shots, killing and wounding six people, before the first Communist returned fire.

## Soviet Rules Out Olympic 'Boycott' But Will Not Confirm Participation

By Dusko Doder

Washington Post Service

MOSCOW — The senior Kremlin sports official said Monday that the Soviet Union would not boycott the Los Angeles Summer Olympics but that conditions set by the United States may prevent Soviet athletes from participating.

"We will never resort to a boycott of the Olympic Games," said Marat Gramov, chairman of the State Sports Committee. "We honor the rules of the Olympic charter and Olympic traditions and if they are observed, there will be no basis for our not going."

He dismissed suggestions that the Russians were contemplating a boycott of the Los Angeles Games as "revenge" for the American boycott of the 1980 Moscow Summer Games. The United States did not attend the Moscow Games in protest over the Soviet intervention in Afghanistan.

"Our position is clear and unequivocal," he said at news conference. "We support such Olympic Games where the rules of the Olympic charter and Olympic traditions are strictly observed." He added, "There is no question here of any revenge."

Mr. Gramov, who is also chairman of the Soviet Olympic Committee, said, "We make a distinction between the word boycott and not attending," suggesting that the latter option remains a possibility if the Reagan administration fails to provide adequate assurances for the safety of Soviet athletes.

Mr. Gramov reiterated Soviet charges that the United States was violating the charter by imposing consular formalities and failing to guarantee the security of athletes and staff. He said the Reagan administration was behind a campaign by various groups urging violence against Soviet personnel at Los Angeles. The U.S. Embassy has demanded Moscow's list of all Soviet participants at the Games.

Mr. Gramov dismissed a suggestion that Moscow considered withdrawing from the Los Angeles Games because of the alleged poor condition of its athletes recently. He asserted that the Soviet national team will take "25 to 30 gold medals more" than the U.S. team.

A week ago, the Soviet Olympic Committee called for an emergency session of the International Olympic Committee to discuss what it considers U.S. violations of the charter. Mr. Gramov said that the international unit was to meet on April 24 to discuss the matter.

Mr. Gramov reiterated various Soviet complaints, including the danger of terrorism and "provocations" for Soviet participants, the continued "erratic" anti-Soviet campaign in the United States, restrictions imposed on Soviet journalists, the construction of three instead of two Olympic villages, the fact that athletes are to arrive only two weeks before the opening instead of the three requested by Moscow, and the denial of U.S. visa to a Soviet Olympic attaché.

Mr. Gramov sidestepped a question about the possible appointment of another Olympic attaché. The man rejected by the State Department was Oleg Yermashkin, a diplomat with a sports background. The State Department contends that he works for the KGB, the Soviet secret police.

U.S. 'Puzzled' by Complaints  
The State Department said Monday it was "a little puzzled" by Mr. Gramov's complaints about the Olympic Games in Los Angeles, United Press International reported in Washington.

Concerning Mr. Gramov's statement that "The U.S. Embassy in Moscow is keeping the right to deny to members of the Soviet delegation entry to the United States," a department spokesman, John Hughes, said only one man was denied a visa, and that was because

he had been identified previously as a KGB agent.

There is no impediment to any other Soviet official from attending the games, he said.

On Soviet charges that the United

States is helping groups that intend to encourage Soviet athletes to defect while in the United States, Mr. Hughes said there was no U.S. government connection with the groups.

## Poles Ask Parliament To Protect Detainees

Reuters

WARSAW — Prominent supporters of the banned trade union Solidarity have appealed to parliament to protect them against a sharp increase of alleged ill-treatment in jail and have accused the Polish government of taking revenge on political prisoners.

A statement by 15 former political prisoners or internees under martial law said the Sejm, or parliament, should "legally regulate the treatment of prisoners of conscience."

Lech Walesa, a founder of Solidarity, traveled to a prison near the Soviet border Sunday to greet a former union official, Andrzej Mielczanowski, who was being released from custody. United Press International reported from Warsaw that the two men led a Palm Sunday procession in the Baltic port of Gdansk.

[Mr. Mielczanowski said 10 prisoners in the jail at Braniewo had been taking part in a rotating hunger strike for three-and-a-half months to protest their treatment.]

[Mr. Mielczanowski, a former Szczecin shipyard union leader, was arrested the day after martial law was imposed in December 1981 and sentenced to five years in prison for trying to organize a revolt against the military takeover. His prison term was shortened as a result of last year's amnesty for most political prisoners.]

Jack Szymanski, a journalist who delivered the appeal to parliament on behalf of the group, called on sympathizers to add their names to the document before its submission to parliament's Commission for Internal Affairs and Justice Enforcement.

The statement was read in Warsaw's Carmelite Church on Sunday night and sources said scores of people responded among the congregation of 3,000, which included the relatives of more than 400 Poles held for political offenses.

The 15 initial signatories included a former legal adviser to Solidarity, Wladyslaw Sila-Nowicki, who faces charges of harming the state after accusing the government of flouting the law in its pursuit of the opposition, and Ewa Tomaszewska, who was released from jail this month after a court ruled that she was too ill to stand trial on charges of fomenting public unrest.

The statement said parliament should guarantee political prisoners the right to have books, civilian clothes, unlimited correspondence and unlocked cells and also to see their families more often.

It said that since last December "all these rights have been withdrawn and harassment has been stepped up, leading to dramatic hunger strikes and protests."

The government has admitted that there have been fasts at four prisons, but has denied ill-treatment and claimed that many prisoners refusing prison rations were

eating food supplied by their families.

The 15 said: "The idea that political goals or ideology can be attained by the ill-treatment of prisoners, by exacting revenge on defenseless people, should be only too terrifying to all."

More than 100 people were arrested in March, bringing the number of political detainees to 427, but only 2 have been put on trial since martial law was lifted last July.

Some in detention, including Jacek Kuron, leader of a dissident group, the Workers' Self-Defense Committee, known as KOR, have been awaiting trial since martial law was declared.

Government spokesmen have said they have no idea when Mr. Kuron and 10 other KOR and Solidarity officials, accused of plotting to overthrow Communist rule, will appear in court.

They have also refused to comment on persistent rumors that an amnesty will be offered to political prisoners on July 22, the first anniversary of the lifting of martial law.

## NATO Troop-Cut Offer Is Expected

By Paul Taylor

Reuters

BRUSSELS — Western negotiators are expected to make new proposals Tuesday on reducing conventional forces in Central Europe in an attempt to end a long deadlock in negotiations with the Soviet bloc, NATO sources said Monday.

Senior NATO officials agreed during the weekend on final details for proposals that are designed to overcome the central disagreement over the present troop strengths of the two sides.

NATO sources said that under the new proposals the West would seek an understanding on a range of figures for the forces of each side

rather than an absolute agreement on a single figure.

It would also offer to count forces differently, taking into consideration the fact that civilians perform some support tasks in the West that are carried out by soldiers in the East.

NATO contends that the Warsaw Pact has about 180,000 more troops in the area than it has declared. The East bloc has refused any negotiation on the data.

In return for flexibility on this issue, NATO will demand enhanced verification procedures to ensure that the two sides end up with equal force levels.

"We are essentially saying we are going to be a bit more flexible on data but in return we will need some enhanced verification," a NATO official said.

Another official said: "The proposal offers the Soviets a way out of the corner they have got themselves into over numbers. Whether they'll accept it in an American presidential election year when they're playing tough on all other issues is another question."

The sources said the proposals closely followed ideas submitted by the United States to its allies last month.

That move was seen in NATO as indicating that President Ronald Reagan wanted to achieve some progress on arms control before the November election, but not at any price.

The plan will be outlined Tuesday to Warsaw Pact negotiators in Vienna and formally proposed Thursday unless a NATO country raises a last-minute objection, the sources said.

It will be the first time since July 1982 that NATO has made new proposals in the talks, which are called the Mutual and Balanced Force Reduction talks by the West. There has been little progress in the talks since they started in 1973.

With superpower nuclear arms talks suspended by the Soviet Union, the Vienna talks are the only East-West forum discussing arms reductions.

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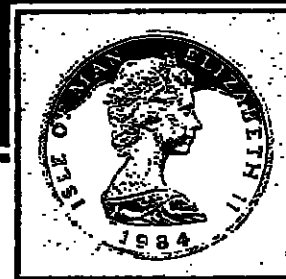
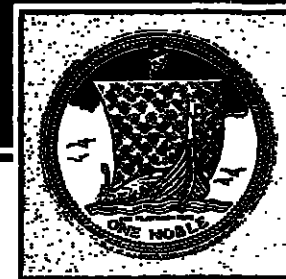
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## China Ready To Press U.S. On Arms Sale

**Issue to Be Topic  
Reagan's Beijing Visit**  
By Christopher S. Wren

New York Times Service  
BEIJING — China's leadership ready to press the issue of U.S. arms sales to Taiwan during President Ronald Reagan's visit to China next week, a leading foreign affairs magazine here has indicated.

In its issue appearing Monday, a bimonthly World Affairs said a question of Taiwan could not be bypassed in developing bilateral relations. It said the issue was central to three joint communiqués issued by Washington and Beijing, and had been included in all Chinese-U.S. negotiations since the first talks at the ambassadorial level in 1955.

It is to be hoped that the U.S. president will use his discretion to ensure that the principles and commitment duly acknowledged by the two nations in the three joint communiqués will be implemented, especially with regard to arms sales to Taiwan. Xinhua news agency said today in paraphrasing the article.

Mr. Reagan is scheduled to visit China from April 26 to May 1. Excerpts of the article, signed by Huang Qubing, an associate research fellow at the Institute of International Studies, were also published Sunday by the weekly Evening Review, underscoring its editorial stance as an expression of the government's view.

"Of the many factors affecting Sino-American relations, the major one is the Taiwan issue. It undoubtedly is the main obstacle to advancing Sino-American ties and also the major reason for the failure to attain steady development in their relations. This obstacle must be removed," an excerpt said.

The documents alluded to, the underpinning of relations between the two countries, are the Shanghai Communiqué, signed at the end of President Richard M. Nixon's visit to China in February 1972; the communiqué that established diplomatic relations between Beijing and Washington in January 1979; and a third communiqué signed Aug. 17, 1982.

The Aug. 17 Communiqué, as it called, was drafted to allay Chinese concern about U.S. arms sales to the government on Taiwan. In it, the United States also promised to exceed "either in qualitative or quantitative terms" the level of arms supplied to Taiwan since Chinese-U.S. relations were established in 1979. Beijing has complained that recent U.S. arms sales to Taiwan exceeded this level.

The World Affairs article restated the position that the Taiwan issue involved China's sovereignty and reunification. According to Xinhua, the World Affairs article mentioned other bilateral concerns likely to come up during Mr. Reagan's meetings with Chinese leaders. It referred to economic cooperation and mutual understanding as of special importance to Chinese-U.S. relations.

The magazine said China wanted more foreign investment and more economic cooperation with the United States, including help in building hydroelectric power stations and purchasing U.S. nuclear power technology. A U.S. delegation was in China last week exploring the feasibility of building a massive power dam at the upper reaches of the Yangtze River near Chongqing. But an agreement on nuclear cooperation stalled because China refuses to allow outside inspection of its nuclear facilities.

[U.S. and Chinese negotiators resumed talks on nuclear cooperation on Monday in a final attempt to reach an agreement before Mr. Reagan arrives, United Press International quoted Western sources as saying. A delegation headed by Richard T. Kenneth arrived in Beijing Sunday at the invitation of Chinese leaders, a diplomat said.]

A treaty that would facilitate U.S. investment in China is also unlikely to be completed in time for signature during the visit.

The article also repeated Beijing's unwillingness to embark upon strategic cooperation with Washington to frustrate Soviet designs in the world. Such a policy was part of the initial relationship, but Beijing repudiated it two and a half years ago by shifting toward identification with the Third World.

The article said that in addition to the exchange of visits by Prime Minister Zhao Ziyang last January and Mr. Reagan's month, other contacts had an "important impact on the development of Chinese-U.S. relations." It mentioned that Defense Minister Zhang Aiping had accepted an invitation to visit the United States.

### U.S. Policy Criticized

A leading Chinese scientific official said Monday that Washington's controls on technology exports to China are discriminatory. Reuters reported from Beijing.

Chen Zongli, director of China's Institute of Geophysics, said U.S. policy on scientific and technological exchange with China had hampered cooperation in these areas, according to Xinhua.

The Chinese press has been campaigning against the restrictions of U.S. legislation and the Coordinating Committee on allied strategic controls, by which Western countries control the export to communist countries of high-technology items with potential military application.



**HAMBURG FAIR DERAILMENT** — A carnival roller coaster jumped its tracks and smashed into a crowded platform, killing a man and injuring 18 persons. Hamburg police said mechanical failure was suspected in the accident, which occurred Sunday.

## Buying of Hospitals, Mergers Increase Cost of Medical Care in U.S. Programs

By Robert Pear  
New York Times Service

WASHINGTON — Hospital mergers and acquisitions are rapidly increasing the costs of Medicare and Medicaid without providing additional health care to the elderly and poor people covered by the two programs, according to U.S. officials.

Under both programs, the government pays hospitals a special allowance for depreciation and interest expenses. These costs rise often dramatically when hospitals change hands, because the new owners usually borrow money to finance the purchase, and the process of depreciation starts again from a much higher level reflecting the purchase price.

Medicare officials said the government would pay \$2.7 billion this year to hospitals for depreciation and interest, plus \$200 million in special allowances for profits, known as a "return on equity."

The General Accounting Office, the Congressional Budget Office and the inspector general of the Department of Health and Human Services have all expressed concern about this, and there is growing support in Congress for proposals to stop the practice.

Such legislation would prohibit hospitals from revaluing or "stepping up" the value of their properties to reflect the purchase price at the time of a sale or merger.

Depreciation allowances recognize that certain types of property, such as buildings and automobiles, wear out over time and lose a portion of their original value each year. Under the law, investor-owned hospitals and other businesses may take tax deductions for depreciation, which is regarded as a business expense.

One bill in Congress would limit the amount the government pays

for the increased capital costs that result from a sale. In the last five years, according to the Congressional Budget Office, the number of facilities owned by big hospital chains has increased 72 percent, from 438 in 1978 to 755 in 1983.

The inspector general, Richard P. Kussnerow, said, "These sales have the effect of increasing costs to Medicare and Medicaid without a commensurate increase in the quality of facilities or the quantity of services."

This, he added, is "wasteful folly."

Medicare provides health insurance for 26.5 million elderly and 3 million disabled Americans. Government actuaries have said the trust fund, financed by a portion of the Social Security payroll taxes, would run out of money in the early 1990s unless Congress curtailed Medicare outlays or provided additional revenue. Medicaid is a medical assistance program for poor people, and it is financed jointly by the government and the states.

Auditors from the General Accounting Office, an investigative arm of Congress, said hospitals had used "questionable" accounting practices to increase their claims for depreciation and other capital costs under Medicare. For example, they said, some hospital companies appear to have overstated the value of newly acquired assets so they could obtain larger payments from the government for interest costs and depreciation of buildings and equipment.

But hospital investors said that in many cases companies purchase older public facilities and modernize them, so the quality of care may improve. On the other hand, public hospital officials said that new owners, in their efforts to make a profit, sometimes reduced the amount of care provided to indigent patients.

Reviewing these arguments, the Congressional Budget Office said, "It is charged that some investor-owned hospital chains engage in buying and selling facilities solely to gain the additional reimbursement, and that prices are often bid up well above fair market value as a result." Halting the revaluation of hospital assets sold in the next five years would save the government \$830 million, the budget office estimated.

## Spanish Press Praises Sentences Of Coup Plotters

Reuters  
MADRID — The sentencing of three army colonels convicted of plotting a 1982 coup was praised by the press Monday, but the Socialist government and its main opposition remained silent.

The leading Spanish daily, El País, commented that the lack of tension surrounding the sentencing Sunday showed that "Spanish society has advanced dramatically in its acceptance of the dramas and comedies of democratic life."

Three army colonels were sentenced to 12 years in prison for their part in a rightist plan to seize power before the Socialist government was elected in 1982. The court-martial recommended that the sentences be reduced to four years in prison and dismissal from the army. A fourth colonel was found not guilty.

The popular Diario 16 said the government should take into account the recommendation of clemency because "these narrow-gauge putschists haven't even shaken the foundations of democracy."

## Sir William Empson, English Poet, Literary Critic, Is Dead at 77

Compiled by Our Staff From Dispatches  
LONDON — Sir William Empson, 77, the English poet and critic, died in London on Sunday.

Sir William was professor of English literature at Sheffield University from 1953 to 1971. He was knighted in 1979.

Apart from his several volumes of poetry, including "Poems," published in 1935, and "The Gathering Storm," published in 1940, Sir William was widely known for his literary criticism.

His first critical work, "Seven Types of Ambiguity," published in 1930 and revised in 1947, influenced the "New Criticism" movement, which demanded attention to literary text rather than speculation about an author's intentions.

He entered Cambridge University in 1929 as a mathematics major but turned to literature and published his first book, a collection of privately printed poems called "Letter IV," the same year.

He taught at Tokyo University from 1931 to 1934, at Peking University from 1937 to 1939 and again from 1947 to 1952, with breaks for teaching at Kenyon College in Gambier, Ohio, in 1948, 1950 and 1954.

(UPI, AP)

### Ralph Kirkpatrick, 72, Harpisichordist, Musicologist

NEW YORK (NYT) — Ralph Kirkpatrick, 72, a harpichordist and musicologist, died Friday night at his home in Guilford, Connecticut.

Mr. Kirkpatrick was an important figure in the modern revival of the harpichord and in the sweeping re-evaluation of Baroque performance that took place after World War II.

He published valuable new editions of Bach's "Goldberg Variations" and of 60 sonatas by Domenico Scarlatti. He also recorded these works to critical acclaim.

His "Domenico Scarlatti," a biography of the composer, complete with a numerical catalogue of his works, was published in 1953 and quickly became a standard reference volume.

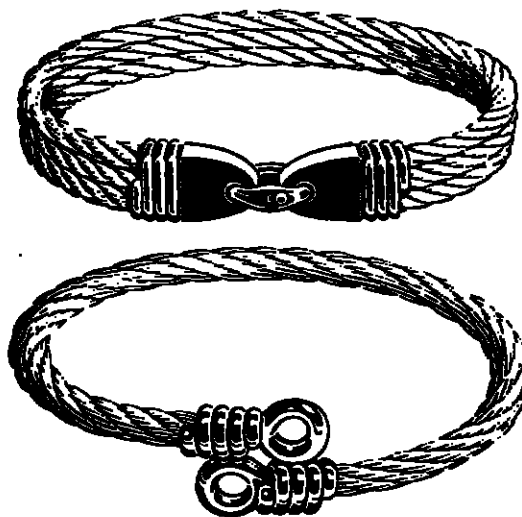
Mr. Kirkpatrick was born in Leominster, Massachusetts. He studied piano from the age of 6, and began to play the harpichord in 1930, while studying at Harvard University.

Other deaths:  
Sir Basil Blackwell, 94, the British publisher, April 9 at his home near Oxford, England. Sir Basil, who was knighted in 1956, joined his father's Oxford bookstore in 1913, after graduating from Merton College, Oxford. From a small room above the bookshop, founded by his father in 1879, Sir Basil oversaw the growth of the business into one of the largest book enterprises in the world.

Walter Flowers, a former Democratic congressman from Alabama, Thursday on his 51st birthday when he apparently suffered a heart attack while playing tennis near his home in McLean, Virginia.

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# Herald Tribune

Published With The New York Times and The Washington Post

## Policy Toward Nicaragua

A considerable body of opinion in the United States now holds that the U.S. role in mining Nicaragua's harbors is an egregious "act of war." But it is no more and no less so than any number of other military acts that U.S. sponsorship has permitted Nicaraguan opponents of the Sandinista regime. The special aspect of the mining is that its immediate targets were foreign civilian ships, including those of friendly nations. This alone would have deterred a prudent administration. In any event, that the administration, to limit the damage, now says it has stopped further mining leaves the larger question of sponsorship of the "contras" up in the air.

Why does the Reagan administration support the Nicaraguan guerrillas? Often the answer seems to depend on the day of the week: to send a message to Moscow and Havana, to topple the Sandinistas, to compel them to embrace democracy, to raise the costs of their rule, to force them to stop exporting revolution to El Salvador.

There is something desirable about all of these objectives, but nothing sufficiently urgent or overwhelming about any of them to justify military intervention in a place where history and regional politics make intervention almost certainly a self-defeating game.

The flaw in Mr. Reagan's Central America policy — and what most troubles the democratic nations of the hemisphere — goes beyond its quotient of dubious legality. That charge the administration somewhat dully by insisting that it is acting in the spirit, if not the letter, of the self-defense allowed to El Salvador under the United Nations Charter. Nicaragua is responsible — only the degree is in dispute — for the organization, scale and continued conduct of the Salvadoran insurgency.

Even if you accepted this reasoning, you would face the fact that, within the means permitted by U.S. and Latin political realities, intervention is an unworkable policy. It generates more resistance, in the United States and in Central America, than it removes. This explains Mr. Reagan's current frustration: He could yet see the loss of the money for the contras; he has just had to find a back-door way to send a small amount of relatively uncontroversial emergency aid to El Salvador.

And this explains his moves toward a more direct U.S. military role. Moves whose disclosure is required to convey the intended threats even as the disclosure raises hemisphere-wide alarms that themselves become a limiting factor. This also explains Mr. Reagan's attempt to blame Congress: He sees a need for blame to be piled somewhere.

If intervention is leading the Reagan administration into a diplomatic and political dead end, is there a workable alternative?

Maybe not. Maybe the political constraints are too tight. But the administration has yet to give the negotiating alternative a fair crack. Its core is an effort by the four democracies of the Contadora group, supported by other Latin democracies, to nudge all parties toward limiting the flow of arms, soldiers, guerrillas and advisers across national frontiers.

The hope is that, in the resulting improved climate, internal accommodations can move fruitfully beyond the current U.S. intervention. That charge the administration somewhat dully by insisting that it is acting in the spirit, if not the letter, of the self-defense allowed to El Salvador under the United Nations Charter. Nicaragua is responsible — only the degree is in dispute — for the organization, scale and continued conduct of the Salvadoran insurgency.

— THE WASHINGTON POST

## Holes in the Space Net

When Hephaestus forged a cunning net to catch one of his fellow Greek gods in bed with the wrong goddess, the technology was successful — but the embarrassed victim was so enraged he threw the technologist down from heaven, leaving him with a permanent limp.

The Reagan administration has its share of overweening technologists who cannot foresee the consequences of their actions — most notably, those bent on building a device to shoot down Soviet satellites. They are renewing a race that will eventually destroy the vital sanctuary now enjoyed by American satellites used for military communications and early warning of attack.

U.S. surveillance satellites compensate for the grave disadvantage of an open society menaced by a militarized closed society. They monitor Soviet activities and compliance with arms control treaties. At present the Soviet Union's erratic anti-satellite rocket cannot reach the most vital U.S. satellites, all in high orbit. Development of a better rocket would give the Russians an important edge.

Fortunately, they now seem of a mind to quit the race. They have offered a moratorium on further anti-satellite tests and have proposed an anti-satellite treaty that, while unacceptable in present form, provides a basis for serious discussion. No doubt they have been brought to the table by an anti-satellite device being developed by the air force. So ingenious is the new weapon that it can be delivered in an 18-foot missile launched from a plane. The antiquated Soviet device is a 150-foot rocket.

Yet instead of seizing on this opening, the Reagan administration, in a rambling report to

Congress, asserts that treaty talks "could be unproductive because the problem needs more study. The American ambassador to the Geneva disarmament conference last week accused the Soviet Union of trying to preserve a one-sided military advantage in space."

The U.S. Air Force, however, is nearing a point of no return. Once its tests are completed, its anti-satellite missile will be so far in advance of its Soviet counterpart that the United States will possess a one-sided advantage. Soviet interest in a treaty will probably dry up and the race will resume.

An accord that halted further testing of anti-satellite weapons would leave the Russians with a cumbersome weapon that threatens only low-orbit reconnaissance satellites. That threat could easily be countered, and the high-altitude satellites would keep their sanctuary.

Some may oppose a ban on further tests of anti-satellite weapons because it would also curtail certain tests needed to develop a defense shield against ballistic missiles. That is a foolish reason to put U.S. satellites in jeopardy. The air force says its weapon would be needed to destroy the Soviet satellites that spy on the American fleet. But even if the satellites cannot be countered otherwise, that hardly outweighs the advantage of keeping U.S. satellites inviolate.

High technology can improve or impair defense, depending on the nature of the race. The air force's clever new missile for shooting down satellites, and the administration's refusal to negotiate, threaten to leave American security with a permanent limp.

— THE NEW YORK TIMES

## More Palestinian Terror

It is a season of Palestinian terrorism in Israel. The latest episode saw the first hostage-taking since well before the Israeli invasion of Lebanon. Other recent episodes involved hidden bombs or attacks on crowds. In accordance with the Palestinian terrorists' custom, in all these cases the targets — not just the incidental victims, as in the inevitable Israeli reprisals — have been civilians.

The sequence is widely explained as the aftermath of the military and political setbacks suffered by the Palestine Liberation Organization in Lebanon. In place of disciplined activity, terrorism is on the rise. Certainly nothing visible is stirring in the political arena that would allow those so inclined to argue the case for peaceful solutions as the only hope.

One wonders if the older men who recruit the young men who do the killing understand or care about the chief immediate effect of these acts within Israel. It is to return the public focus from the violence committed against Arabs in the West Bank to individual Israelis — violence against which the Israeli authorities are expected to apply the

force of the law — to that committed against Israelis by Palestinians — violence that some Palestinians proudly celebrate.

You would think no decent person would rush forward to be identified as the killer of civilians, but terrorism is a form of advertisement, and it can confer advantage in Palestinian political maneuvering. Abu Nidal, the mass murderer, is again being heard from. Responsibility for the latest incident was claimed by George Habash's Popular Front for the Liberation of Palestine.

An outsider cannot tell whose grisly boast is to be believed. It is established, however, that the groups claiming the credit are claiming it from Damascus, where they enjoy the essential conveniences of sanctuary. Apologists explain that the Syrians feel this is the least they can do for the Palestinians at this time. There is a lot of talk these days about "state-sponsored terrorism." Syria's role in helping Palestinian guerrillas kill Israeli bus riders — as, earlier, in helping Iranian terrorists kill American marines — is a pure form of it.

— THE WASHINGTON POST

## FROM OUR APRIL 17 PAGES, 75 AND 50 YEARS AGO

### 1909: Those Lively Scottish Greens

LONDON — Mr. Jerome Travers, the hero of American golf, has reached this country earlier than anticipated. Golfers in the south will have no opportunity of witnessing Mr. Travers play for some time, as he is confined to his room by a severe attack of the flu. Mr. Travers has played for some time, as he is confined to his room by a severe attack of the flu. Mr. Travers has played for some time, as he is confined to his room by a severe attack of the flu.

### 1934: The Sea Monster of Rimini

ROME — A sea monster weighing nearly a ton and hitherto unknown in Italian waters has been captured by a group of Adriatic fishermen and beached at Rimini. It appears that the monster consists of an almost circular mass of flesh with an elephant-colored hide. It has a depth of 11 feet and is 15 feet long. Instead of a tail it has a protuberance like the arm of a propeller and has three humps on its back. Its eyes resemble those of a steer, but are thrice as large. It has a tiny, toothless mouth about four inches wide, with lips like those of an elephant. The monster put up a formidable resistance until pierced in an eye with the end of an oar. It then sank and was ultimately grappled with an anchor and brought ashore dead.

## The Underclass — An Open Wound on Society's Belly

By Ralf Dahrendorf

LONDON — Five percent of the West German population is illiterate, by a conservative estimate. If functional illiterates are included — those who cannot read even a tabloid or who have trouble signing their names — the figure is closer to 15 percent.

The great wave of enlightenment has begun to retreat, and disenfranchisement is replacing it. Big cities have always had their share of paupers and derelicts, and that will never change. One person cannot stop drinking; another may be unable to abide by regulations and schedules; others have had luck with women or bosses; still others have been ill and never really got back on their feet.

Such cases have always made up the lower depths of society, but today they assume new proportions, affecting millions in many countries. Developments in the workplace are largely responsible. The introduction of new technologies has led to a demand for more highly qualified workers. These changes have meant not only fewer jobs, but also that those with fewer skills are those who lose out.

Skilled workers in mechanized industry become unskilled workers in electronically run factories. They become helpers, then occasional workers and finally the hardcore unemployed. Because society continues to view people mainly in light of their work, when it comes to pensions and social standing those who have lost their jobs fall through every net and end up at the bottom.

Other social phenomena intensify this picture. There is the loss of ties that once held

fellow workers together, so that the newly unemployed fall into a social void. The situation is even worse for those who never rose high enough to fall.

Modern society has enormously enlarged the definition of "youth." Thirteen-year-olds now rob banks, while 22-year-olds are still in school. Both groups, however, live in a vaguely defined space. We have ignored the need to furnish this space, to give it structure.

This is especially true in societies that lack apprenticeship programs, vocational training and compulsory military service. Young people with no place to go — and no place where they are wanted — create their own culture, often a counterculture. Youth falls through the social net that supports only those who subscribe to the work ethic.

Foreigners are another class of social outcast. Many countries import large numbers of foreign workers but do not integrate them or give them a clearly defined status. The ghetto was more hospitable.

Today foreign workers occupy a vague social position. They have claims and needs that their host countries cannot fulfill. They are unwanted, a burden that society cannot rid itself of, and they often become scapegoats for whatever goes wrong.

Such misfortune has a tendency to compound itself. The teenage blacks arrested in England are almost certainly illiterate. They are targets for police brutality, and because

they do not have legal representation they tend to answer in kind. They do not even consider looking for regular employment after their first vain attempts.

Not all the negative attributes are necessary for failure. The long-term unemployed in urban slums, those who come from families that were unable to provide for them and those who for whatever reason cannot maintain their places in the social structure add up to a substantial total. The United States cannot understand how that underclass can grow in the world's richest country.

Underclass, however, is a misleading term; it is not a class. There is no solidarity among its members because there is no shared reason why they end up in it. Being a part of it is a matter of individual fate.

Not all jobs remain unemployed; not all young people fall into the social void; not all foreign workers are unwelcome. The categories simply imply a likelihood. In actual cases there is an element of individuality.

To extricate oneself from the underclass requires not a collective effort but individual hard work. The members of the underclass, therefore, are not caught in a common destiny; they are a mass of individuals, each with personal problems.

The same is true for the unemployed. In the society of work they are individual failures. Even when the unemployment rate is 15 percent, the vast majority — 85 percent of the

population — is working. Those who lose their jobs blame their bad luck, or complain that they picked up the "wrong" skills, or regret that they cannot relocate to another part of the country. When they do blame the new technology they treat it as if it were some kind of natural catastrophe. Obviously there are others who have kept their jobs in spite of the new machines, and people who now work less and earn more. The jobs have simply moved.

The mass of individual fates among the unemployed is the reason high unemployment will not lead to revolution. It is not true — even if one hesitates to say it — that rising joblessness threatens the established order. At least it is not that simple.

Many of the unemployed vote for conservatives. People without jobs want law and order and economic recovery.

From a political point of view, unemployment is an "altruistic problem." Opinion polls show that it disturbs those who are working just as much as it disturbs those who have lost their jobs. Defenders of the work ethic are disturbed because there are so many people not working. What surfaces in discussions of unemployment is more a sense of unease about disorder than a sense of solidarity with those victimized by joblessness.

The writer is director of the London School of Economics. This article, the first of two, was adapted from the West German weekly Die Zeit and was translated by the World Press Review.

## America's Arab Allies In Limbo Once Again

By Hisham Melhem

WASHINGTON — A gripping sense of crisis permeates the ranks of moderate Arab states, and America's Arab friends find themselves again in a political limbo largely of their own making. For years the moderates have been insisting that the United States is the prime mover in the Middle East and that it can be an honest broker between Arabs and Israelis. Now the frustrated moderate rulers are uttering what many of their citizens have been saying all along: The arbiter is in fact the accomplice.

Recently the quintessential Arab moderate, King Hussein of Jordan, articulated the predicament of his Arab peers. The disillusioned monarch lamented the "double standards" of the United States and said Arab attempts to persuade it to adopt a "more balanced" approach to the Arab-Israeli conflict had failed. His views reflect the despair of an Arab political establishment at an impasse.

What makes the moderate Arabs' predicament so unenviable is that they have no option but to continue knocking on the U.S. door, notwithstanding America's indifference to their plight or its duplicity in Israeli regional designs. Ironically, the moderates, ostensibly in charge of the "New Arab Order" that emerged in the 1970s as a result of the new oil wealth and commensurate strategic and political realignment, have entered an unequal relationship with the United States that has rendered them more dependent.

The 1970s were years of striking paradox: great wealth associated with extreme pauperization, a deepening crisis of legitimacy with increasing repression, and a crisis of authenticity with pervasive Western cultural penetration. The Arabs' enormous resources made them susceptible to outside pressure and manipulation. But, instead of pursuing policies (and sacrifices) allowing them to convert their wealth into independent, concrete economic and political power, the Arab rulers, and the narrow social strata that support them, opted to integrate their respective economies and military establishments into the West.

Oil revenues and Arab investments were recycled to the West instead of developing the productive capacities of the Arab world. Vast military armaments transfers from the United States — coupled with the building of a military infrastructure with training, doctrine and command structures as well as joint coordination and maneuvers — integrated the military forces of

some Arab countries into U.S. regional strategic plans.

This unprecedented U.S. penetration of Arab life, coupled with the failure of Arab secular political groups, largely accounts for the rise of Islamic movements.

American diplomatic contributions to the state of Arab paralysis are no less startling. The United States encouraged Egypt's defection from Arab ranks, exposing a weakened Arab world to an increasingly imperial Israel. Washington did little to restrain Israel from bombing Iraq's nuclear facility or from annexing Jerusalem and the Golan Heights. U.S. duplicity in Israel's 1982 invasion of Lebanon further embarrassed its Arab allies and put them into a deeper quandary.

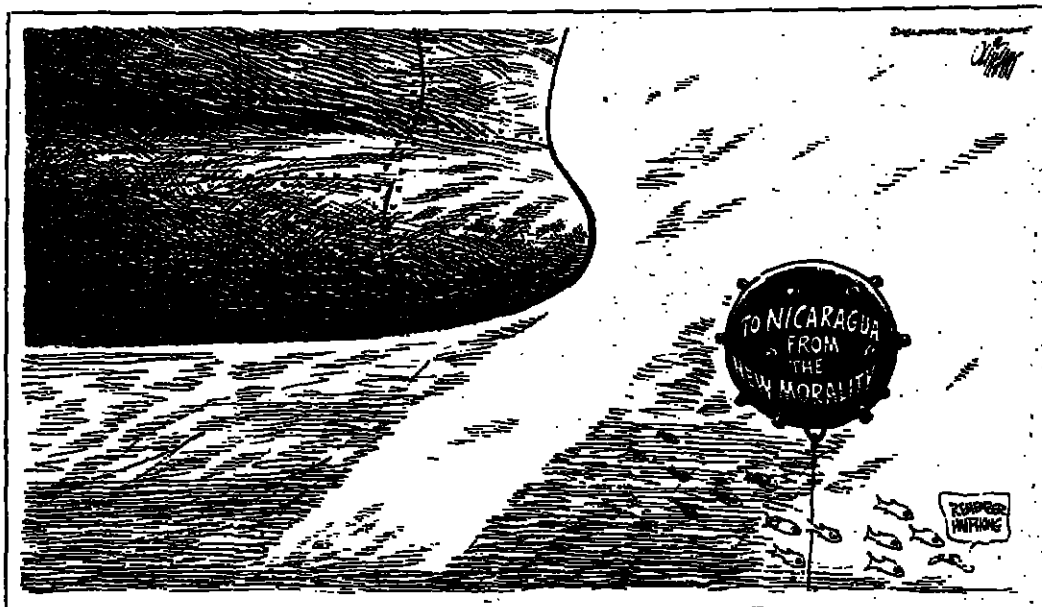
For the moderates, the past winter brought closer to home the cold realities in the area. Israel was accelerating its colonization of the West Bank, Gaza and the Golan Heights, and its occupation of southern Lebanon became harsher. Washington was unwilling either to press for an early Israeli withdrawal from Lebanon or for a freeze on Jewish settlements. Additionally, by elevating its cooperation with Israel into a full strategic alliance, it furthered the dilemma of the moderate Arabs.

Attempts by Israel's supporters in Congress to move the U.S. Embassy from Tel Aviv to Jerusalem, not to mention the spectacle of the two leading Democratic candidates outbidding each other on this issue, was the final straw to the Arabs who hung so much hope on the United States. And the fractured country of Lebanon demonstrated the limits of Israeli and U.S. power.

The paralysis that allows American and Israeli policies to go unchallenged cannot last indefinitely. The future in the Arab world is likely to be punctuated by spontaneous outbursts of violence; self-inflicted, against Israel, against the United States and its Arab allies.

America cannot guarantee that such developments will not culminate in a revolutionary wave that would sweep away not only the moderate Arab custodians of power but also Israel's dominance and the interests of the United States.

The writer, a Lebanese journalist, is the Washington correspondent for the Saudi newspaper Okaz. He wrote this article for the Los Angeles Times.



## The Disinterment of Richard M. Nixon

By William Safire

WASHINGTON — Last week Richard Nixon and Henry Kissinger chose the most fashionable restaurant in New York for their lunch together: Le Cirque, where their tête-à-tête was frequently interrupted by the obscenities of table-hopping celebrities.

So this is Disgrace. After a decade ago, Mr. Nixon was buried at midnight, at a crossroads, with a stake through his heart and all the other precautions taken to prevent the vampire from rising again. But there he is, out in broad daylight.

Mr. Nixon's Second Comeback is surely under way: Selections from his talk with a friendly interviewer have been shown with great commercial success by CBS, which had been his foremost network tormentor; the 10th anniversary of his resignation in August will trigger a fusillade of guilt-ridden, get-right-with-history retrospectives.

A perceptive new biography, "Exile," by Robert Sam Anson, due out in June, will reveal a typical reassessment: George McGovern recently wrote to Mr. Nixon that "I hope you will remember you as one of the great peacemakers of the 20th century."

Why has the former president become the Halley's comet of U.S. politics? His enemies will say it proves that you cannot keep a bad man down. But less obsessed observers will point to an admirable mixture of doggedness and talent on his part, a forgiveness mechanism in the minds of Americans and the life of a driving transposition of reputations of the two men at Le Cirque.

A decade ago, one member of the Nixon White House was conspicuously exempted from all desire for retribution. That was Henry Kissinger, the Nixonite who had kept his lines open to the solons on the Hill and to the salons of Georgetown.

"Our Henry" was seen as the lonely island of civilization in the Nixonian sea of barbarism, the sole voice of restraint at the elbow of the mad bomber of Hanoi's carpets. The more the firestorm grew around Mr. Nixon, the more the foreign policy elite considered it essential to protect his national security adviser. Henry did not discourage this.

Sure enough, as Mr. Nixon's star fell, Mr. Kissinger's rose. The resigned president limped off to San Clemente while the new secretary of state soared to new geopolitical heights. Mr. Nixon's memoirs received a lukewarm reception while Mr. Kissinger's were hailed — deservedly so — as masterly. In the Carter years, Mr. Nixon gloomed in obscurity while Mr. Kissinger emerged as elder statesman.

The switch came in the '80s. As the second Cold War began, dovish critics of the Reagan administration yearned for the era of détente. In public and private, Mr. Nixon clung to his balance-of-power diplomacy, enshrining pragmatism, acknowledging the shift that had taken place in U.S. attitudes toward Soviet buildups, by adding the modifier "hard-headed" to his spousal of détente.

That was when the foreign policy elite embraced the great wasted national resource in this ousted leader, who could provide them all with the protective cover of a hard shell.

At the same time, the foreign policy establishment discovered a new enemy in Mr. Kissinger. As his own thinking evolved, Henry came to be a knee-jerk servant of the Atlantic alliance, even suggesting that American troops were not inevitably fated to remain in Europe. His hard line on Central America — to the point of calling the Reagan administration "timid" in its aid requests, and defending the mining of Nicaraguan harbors — infuriated those who had lionized him a decade earlier.

Where will Mr. Nixon's Second Comeback end? I foresee the Nixon name put in nomination for vice president in 1988, perhaps as hawkish Jeane Kirkpatrick's running mate. He will be 75 then, suitably aloof, ambitious, and a world-class lunatic. Let us forget Mr. Nixon never did anything impeachable in eight years as vice president.

The New York Times

## One Woman's Fight Against Torture

By Flora Lewis

PARIS — Ginetta Sagan is talking. She is a roly-poly, middle-aged woman with a sunlit smile. When she was a girl in her native Milan, they called her Topolino ("little mouse") because she was so small and chipper.

She is remembering those days — against her will at times, because she cannot help breaking down in sobs when certain names come up. At other times she bursts out laughing as she recalls narrow escapes.

"My God, it was crazy," she says. "When we talk about the human capacity for evil, it knows no bounds. But I saw the capacity of some for courage. It knows no bounds either," she said. "So you have to choose, which one do you want to help."

Her first choice came when she was 17, shortly after Italy signed an armistice with the Allies in 1943 and the Nazis poured into the north to keep the war going. She was the coddled daughter of two doctors. Her father joined the underground and was killed. Her mother was sent to Dachau and never reappeared.

She decided to fight. "I knew I could never shoot anybody, but I didn't have the slightest qualms at slaying the tires of a Gestapo car, pouring precious sugar in the engine, sabotaging a train." Mostly her job was to help people hide and try to free those who were captured.

She was caught and tortured. "All the usual things — beatings, rape, electric shocks," she says demurely. But, with passion, she goes on to say that it is particularly hard, and important, for women who have been tortured to admit it.

War II, nations outlawed genocide. There has long been torture, but now it is systematized, spreading, refined into an instrument of governance. Amnesty's recent report says that more than 100 countries use torture as a policy of repression.

An international convention banning torture would not end it, any more than other laws end other crimes, but it could impose an important inhibition.

Another thing Mrs. Sagan says she learned during those frightening days in northern Italy was that "all the propaganda, all the lies — it meant they were hiding something. You ask what they are hiding, and it helps make your choice."

Amnesty's method of publicity, pestering insistence, has helped bring the release of thousands of "prisoners of conscience," as it calls them. Amnesty deliberately avoids the phrase "political prisoners" as too narrow, too susceptible to partisan implications.

Its new proposal would make torture an international crime, subject to prosecution anywhere.

Two of the men who abused Mrs. Sagan escaped. It still frightens her to think of meeting them some day. She does not seek vengeance, or punishment, but assurance they cannot start again, and deterrence to help protect others.

One day, she says, when she has time, she plans to write a book about choices. The reason for telling about her, meanwhile, is not just the goodness that she radiates but the fact that her choice has clearly made her such a happy person.

The New York Times

## LETTERS TO THE EDITOR

### Israel and Hussein

Regarding the opinion column "Take King Hussein's Point" (March 28) by William F. Buckley Jr.:

I welcome Mr. Buckley's position on a unified Jerusalem. But like many other Americans, Mr. Buckley seems to have forgotten that Israel pleaded with the Jordanian monarch in 1967 NOT to attack — but the king, certain of being on the "winning side," half-heartedly joined the fray, losing part of his kingdom in the process. Israel remains on the West Bank by right of conquest — a conquest not of its choosing.

Since 1967, King Hussein has stubbornly refused to negotiate a comprehensive, peaceful settlement without prior conditions on either side. Is he (and is Mr. Buckley) so naive as to think the Israelis might return land on the West Bank before entering into negotiations? And if they did, what would be right of conquest — West Jerusalem? The Negro's Tel Aviv?

Whenever the Jordanians or any other Arab government desires the return of any land taken by Israel, let them come forth and meet Israel at the peace table, as Egypt did. Israel is ready, willing and eager to negotiate.

DAVID FROELICH, Rehovot, Israel.

### A Response to Eecvit

Regarding the opinion column "Turkey: A Social Democrat's Reading" (April 7) by Bulent Eecvit:

Mr. Eecvit compares the results of the March 25 local elections in Turkey with the elections of 1977 in which the Republican People's Party, which he then led, won about 42 percent of the vote. He concludes that the poor showing in March of the two so-called social-democratic

parties — SODEP and the Populist Party, which totaled 32 percent of the vote — does not necessarily mean a defeat for the left in Turkey.

The picture would have been more complete if the writer had also cited the results of the partial parliamentary elections of 1979, when the left suffered by the Republican People's Party (then in power) forced the Ecevit cabinet to resign. During the 24 months of his administration Mr. Ecevit and his party had given an example of impotence and inertia at a time when terrorism was reaching its peak. They thus prepared the conditions for a military takeover that would sweep away all democratic institutions, the RPP included.

One cannot but agree with the writer when he points to the need for a new party that could mobilize the potential on the democratic left. Such a party, responding to the democratic aspirations of the people, could not fail to challenge the military and other rightist circles on the issue of the national rights of the Kurdish people — something Mr. Ecevit has never done and would never do.

SELM GURSEL, Uppsala, Sweden.

### Communication Gap

President Reagan's "gender gap" problem is illustrated ironically by a statement of his quoted in the caption under a front-page photograph (March 7). Referring to the advice father is receiving from daughter Maureen, Mr. Reagan notes it is "for something she understands very well: how to communicate to women."

Until Mr. Reagan learns communication is "with" and not "to," he will continue to fail in reaching women.

C.M. ASHLEY, Atlanta.

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مكتبة الأصيل



ARTS / LEISURE

Russell's 'Italian' in Geneva

By Andrew Clark  
*International Herald Tribune*  
GENEVA — He sits at the edge of a converted sports hall, leaning passively as the pianist plays out the notes, a girl Friday puts orders in three languages, and five singers act out a sequence solving a hearing aid, a hair-dryer and a bubble-blower. When he puts "Stop!" everyone collapses in a heap of laughter and exhaustion, and the sequence is repeated with modifications. This is not what could be called a conventional rehearsal. The new production of Rossini's "L'italiana in Algeri" (An Italian Girl in Algiers), which opens today at the Grand Theatre and runs through April 19, is barely recognizable. The explanation lies in the man personally running the production: It is Ken Russell, the doyen of British filmmaking in the 1960s and '70s, who has turned his attention to opera. Russell does not read music, but he depends on an assistant to communicate the most of the music, because English is the only language he speaks. At 56, he says he is still growing, and acknowledges that he has turned much in his first four opera productions. His version of Stravinsky's "The Rake's Progress" at the opera in 1982 updated the action to the television age. His production of "Madame Butterfly" at the U.S.A. last year was derided by one critic as "a delicate satire with the wings pulled off." And his Lyon staging of Zimmermann's "Die Soldaten" prompted a leading soprano to denounce it at a press conference. But his work in Florence led to an invitation to stage "La Bohème" at the Macerata Festival. His "Butterfly" is to be restaged at Houston January, and his film "The Music

of the Lovers," based on the life of Tchaikovsky, prompted Lorin Maazel to invite him to stage "Eugene Onegin" in Vienna next year. He traces his interest in the medium back to his theater-going days in London 30 years ago, but describes the productions then as "boring visually even if I wasn't bored with the music."

After Russell joined the BBC arts program "Monitor" in 1959, his personal style began to emerge in a series of documentaries on great composers. "We were told at

Russell's career in films continues. He is currently working on "Crimes of Passion," an original screenplay tracing the emotional life of a girl who is a clothes-designer by day and a prostitute by night. As a follow-up to "Women in Love," he is preparing a screen adaptation of D. H. Lawrence's novel "The Rainbow."

He lives with his second wife and their 6-year old daughter in the Lake district of England. But only two of his films have been financed in Britain, and Russell describes himself, with an air of resignation, as an exile in his own country. "I'm just persona non grata there. I've never been an establishment type, and in England, if I'd been called Russell, I'd be appreciated. But my name isn't that — it's Russell. But it's not my problem."

Russell talks of the need for more "entertainment" and "realism" in opera. He defends his portrayal of Butterfly as a prostitute by saying the Belasco play on which Puccini's opera is based treated the geisha-girl image as a euphemism for prostitution, then considered too sensitive to handle on stage.

"I think we have to look at it with the eyes of today. In 'Butterfly,' a girl gets pregnant and has a child. If that isn't real, then tell me what is real. . . ."

"Opera is not a romanticization of life, it's a heightening of life. Of course, it's a bit to generalize. What I've said doesn't apply to 'L'italiana in Algeri,' which is an all-ways was a sex comedy. Rossini was having fun with the war of the sexes, and that hasn't changed much since he wrote it. But it's expressed in comic terms — there's no way that can be seen as realistic."

"It's not theater to create a real situation and then make it unreal. If you're willing to suspend credibility for the sake of sentiment and spectacle, that's fine — just don't expect me to present it that way."



Ken Russell: "Having fun with the war of the sexes."

'Matriarch of Maillot' Thrives on Swimwear

*International Herald Tribune*  
TEL AVIV — Fashion is not a high priority in Israel. With security and economic problems on their minds, people tend to go around looking like what they are.

Women cabinet ministers do not dress in Chanel suits. They wear simple printed frocks à la Golda Meir and are known to do their

HEBE DORSEY

own shopping and carry their groceries to the office in plastic bags. Young women, who have to spend two years in the army, tend to look at dress as a uniform and their hair, untouched by coiffeurs, is often a natural curly tangle.

All of which explains why the fashion industry is not as thriving here as it is in other countries. One name, however, stands out: It is Gottex, a \$40-million swimsuit business, 75 percent of whose production is exported to 62 countries. Created in 1956, the firm has been expanding by 20 percent a year in the last 10 years. This is strictly a family business with Leah Gottlieb, the founder of the firm, also known as the "matriarch of the maillot," at the helm. Interviewed in Tel Aviv last week, Gottlieb talked of her difficult early days. She and her husband, Armin, came from Eastern Europe (she from Hungary, he from Czechoslovakia) in 1949 and set

led in Tel Aviv, where they opened their business in 1956, she said. "We used to make raincoats." Why they switched to swimwear hardly needs asking.

The Gottliebs have two daughters, Miriam and Judith, who are involved in the business. Small, slight Mrs. Gottlieb, with impeccable graying hair matching her grey silk blouse, looks like everybody's favorite grandmother. Yet, under this low-key facade lies one of the most active and informed members of the world's fashion coterie. Back from a three-month tour of the Orient, including Japan (she admires Issey Miyake's sense of fabrics), she was stopping in Tel Aviv over the week-end for a grandson's Bar Mitzvah.

On Monday, she was off again to Frankfurt's Interstoff, the largest fabrics fair in Europe, "to confirm my choice of fabrics," she said. "I've finished my selection for 1985 but I need to make doubly sure."

Mrs. Gottlieb works in close collaboration with her two daughters on the designing side, while her husband looks after production and the cash register. The three women regularly follow the Milan, Paris and New York collections and meet once a month either in Paris or Milan, where they keep an apartment. Most of their fabrics are printed in Italy.

What makes Gottex special is that the Gottliebs have overcome many problems, some of which have to do with Israel and others have not.

A major problem is that early in the '60s, many Israeli fashion firms established a one-to-one relationship with Jewish fashion tycoons, mostly from England or the United States. This put them in a dangerously dependent situation. "If anything went wrong, they were in trouble," Mrs. Gottlieb said.

Instead, Gottex clearly positioned itself at a strictly international business level. Although the United States soon became its largest customer, Gottex kept expanding into other countries and made sure to remove emotion from its business ties. "Otherwise, it would have become a donation," Mrs. Gottlieb said, "and I wouldn't have wanted that."

Which explains why today Gottex, which employs 700 people, functions as a regular fashion firm, dealing with problems the way other fashion firms do and expecting no favors. They also have done a very good job with their promotion, hiring top models like Brooke Shields, and they have developed a



Gottex founder Leah Gottlieb (right), with her daughters, Judith (left) and Miriam, in Tel Aviv office before larger-than-life photos of their swimsuits modeled by Brooke Shields.

good relationship with U.S. department stores. Saks Fifth Avenue, among others, sends several buyers each year to Israel on four-day buying trips.

Basically, the Gottex success was built on sound fashion judgment and impeccable timing, with the Gottliebs taking over a market that suddenly seemed to run out of competition. After the exciting post-World War II years, Saint-Tropez, where all summer fashion trends started, went down the drain. In Europe, besides Emilio Pucci, nobody was offering an ex-

tensive swimwear collection and the Gottliebs, following in his footsteps, gradually took over a major share of the market.

Although everybody, including Mrs. Gottlieb, agrees that New Yorker Norma Kamali may be the best swimsuit designer in the world today, most designers show only limited collections. Instead, Gottex concentrates and comes up with two collections a year. The largest, shown to the trade in early August in New York, includes 300 different models. Their last one, built around 32 different themes, catered

to many different types of women, from knitted and sportive to sequined and sexy.

"We did a large group of sequins for Neiman-Marcus's opening in Chicago," Mrs. Gottlieb said. "Richard Marcus liked it so well he ordered it for all their stores."

Despite this success, things are still hard in Israel and Mrs. Gottlieb said she considers herself a fashion pioneer. "It's very, very difficult to make a success here," she said. "We're like an island and everything, even getting a button, is twice as hard as anywhere else."

Sacred Tunic Put On Public Display

*The Associated Press*  
ARGENTEUIL, France — A brown woolen tunic said to have been worn by Jesus Christ is on display this week for the first time in 50 years to mark the Easter season.

The robe, which contains traces of human blood, will be displayed in a glass globe until April 23 and is expected to be viewed by up to 60,000 people.

"I really don't know why it's shown only every 50 years. It's just the tradition," said the Rev. Marcel Guyard of the Basilica of Saint-Denis in this northern Paris suburb, where the robe has been kept for nearly 1,200 years.

A 24-hour police guard will be posted at the basilica during the showing. The tunic was stolen last December and was mysteriously returned undamaged in February.

Sports and sweat shirts: probably a unique choice

Lanvin has at the moment what is probably a unique choice in sports and sweat shirts. It is unique both in the variety of the designs and in the extraordinary quality of the fabrics.

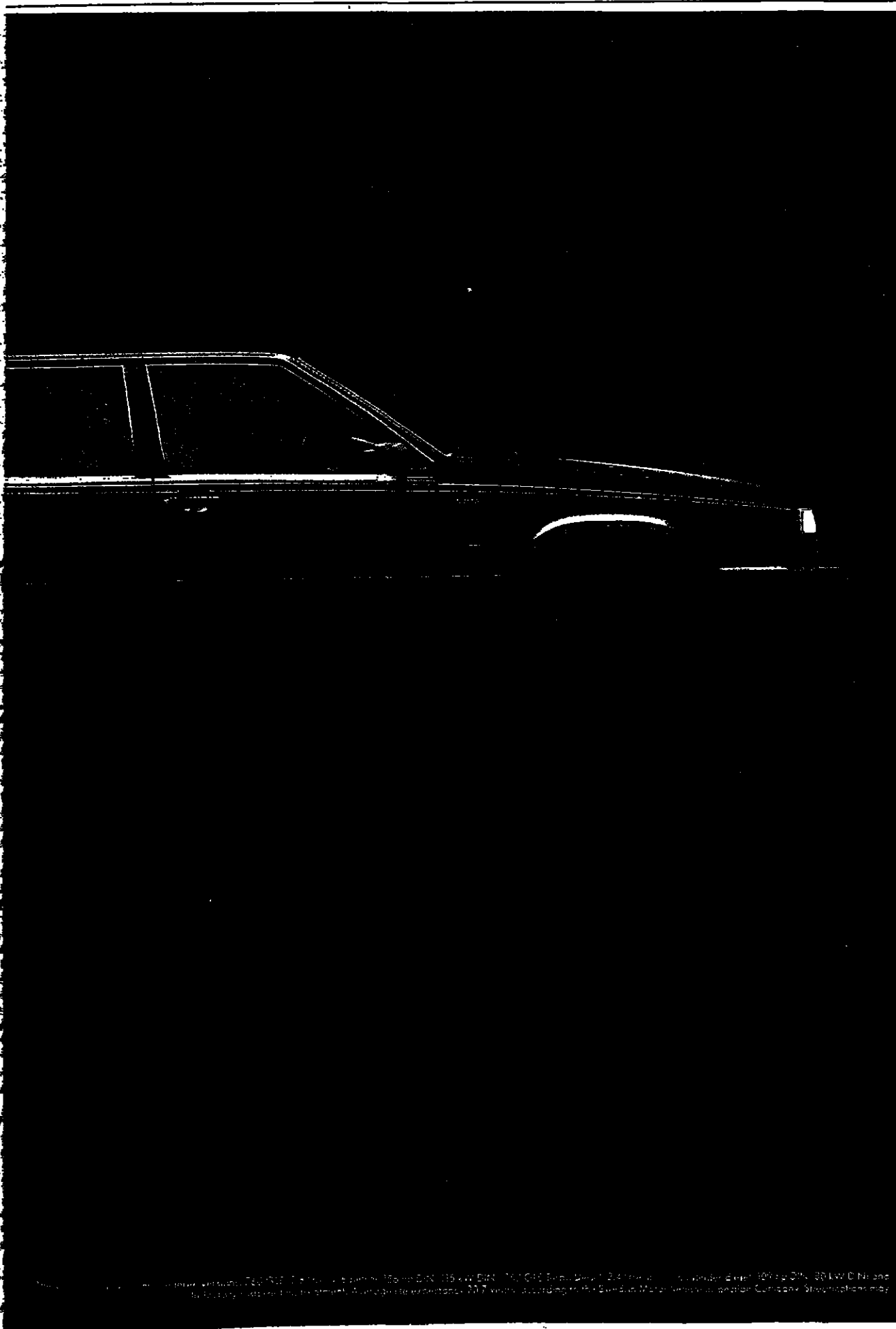
The summer sports shirts are cut from Swiss or Italian voiles, which are among the finest in the world. They come with short or long sleeves and transformable collars, and they can be worn either inside or outside the trousers. There is a choice of more than 40 exclusive designs.

For sweat shirts, there is a total of nearly 80 designs. The fabric is an incredibly fine linen, or in some cases linen — the coolest you could dream of in the summer heat.

LANVIN

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THE FUTURE IS NOW



VOLVO



NYSE Most Actives									
Vol.	High	Low	Close	Chg.	Vol.	High	Low	Close	Chg.
114,312	114.32	114.29	114.30	+0.01	114,312	114.32	114.29	114.30	+0.01
114,312	114.32	114.29	114.30	+0.01	114,312	114.32	114.29	114.30	+0.01
114,312	114.32	114.29	114.30	+0.01	114,312	114.32	114.29	114.30	+0.01
114,312	114.32	114.29	114.30	+0.01	114,312	114.32	114.29	114.30	+0.01
114,312	114.32	114.29	114.30	+0.01	114,312	114.32	114.29	114.30	+0.01
114,312	114.32	114.29	114.30	+0.01	114,312	114.32	114.29	114.30	+0.01
114,312	114.32	114.29	114.30	+0.01	114,312	114.32	114.29	114.30	+0.01
114,312	114.32	114.29	114.30	+0.01	114,312	114.32	114.29	114.30	+0.01
114,312	114.32	114.29	114.30	+0.01	114,312	114.32	114.29	114.30	+0.01

## New York Stock Prices Mixed

United Press International

NEW YORK — Prices were higher Monday at the close of the New York Stock Exchange, thanks to a late rally, but trading was slow.

The Dow Jones industrial average, down 5 points at the outset after falling 7.01 Friday, was ahead 10.15 to 1,160.28 shortly before the NYSE closed. The Dow gained 17.91 points overall last week.

Declines led advances 8 to 7. Turnover was about 73.7 million shares, down from 99.6 million Friday.

"With the long Easter weekend coming up, there probably won't be much trading at all this week," said Jacques Theriot of Smith Barney Harris Upham. "There is little going on, period." The market will be closed for Good Friday.

Bonds generally were lower after a slump Friday that followed the government's report of a 0.5-percent increase, larger than expected, in March wholesale prices.

But the Federal Reserve's report that the narrowest measure of the U.S. money supply plunged \$5 billion, also more than expected, raised some investors' hopes that interest rates might come down a bit soon.

The chief White House economist, Martin S. Feldstein, said Sunday that he did not see any significant increase in interest rates in the near future, although he warned that such predictions were difficult to make.

"If we make progress on the deficits, and keep the money supply under control, that is the best chance to keep interest rates from going up significantly," he said.

The current signs of economic slowdown are healthy, he said, because they mean the recovery will not overheat and increase the inflationary pressures.

In the news background, the government reported that overall capacity use in manufacturing, mining and utilities edged up 0.2 of a point in March to 80.9 percent.

Brokers said traders were studying first-quarter earnings reports and noted that the market historically does little during this time. Individual stocks are influenced by the reports, not groups.

Baxter-Travenol was one of the most active NYSE-listed issues following a block of 1,013,300 shares at 15 1/4.

Chrysler, Ford and General Motors were active. Automotive News said inventories of unsold cars dropped to 56 days last month, compared to a 59-day supply of cars in February. The auto industry considers a 60-day supply of cars the optimum level.

Johnson & Johnson, which plans to buy back two million of its own shares, was higher in heavy trading.

IBM was active. The company reported last week that first-quarter earnings rose 23 percent from a year ago.

NCR Corp., which reported first-quarter earnings of \$1.70, up from \$1.25 a year ago, moved sharply higher at one point.

Motorola, which reported first-quarter earnings of \$1.99 a share compared with 83 cents a year ago, was slightly higher at one time.

Scot & Fetzer surged. A management group has proposed a \$50-a-share leveraged buyout of the company.

Farah Manufacturing was higher. Farah plans to buy back 500,000 of its own shares for \$22.75 each.

## Monday's NYSE Closing

Vol. 4 a.m. 73,578,000  
Prev. a.m. Vol. 73,578,000  
Prev. Consolidated Close 116.04718

Tables include the nationwide prices up to the closing on Wall Street

AMX Most Actives									
Vol.	High	Low	Close	Chg.	Vol.	High	Low	Close	Chg.
114,312	114.32	114.29	114.30	+0.01	114,312	114.32	114.29	114.30	+0.01
114,312	114.32	114.29	114.30	+0.01	114,312	114.32	114.29	114.30	+0.01
114,312	114.32	114.29	114.30	+0.01	114,312	114.32	114.29	114.30	+0.01
114,312	114.32	114.29	114.30	+0.01	114,312	114.32	114.29	114.30	+0.01
114,312	114.32	114.29	114.30	+0.01	114,312	114.32	114.29	114.30	+0.01
114,312	114.32	114.29	114.30	+0.01	114,312	114.32	114.29	114.30	+0.01
114,312	114.32	114.29	114.30	+0.01	114,312	114.32	114.29	114.30	+0.01
114,312	114.32	114.29	114.30	+0.01	114,312	114.32	114.29	114.30	+0.01
114,312	114.32	114.29	114.30	+0.01	114,312	114.32	114.29	114.30	+0.01

NYSE Most Actives									
Vol.	High	Low	Close	Chg.	Vol.	High	Low	Close	Chg.
114,312	114.32	114.29	114.30	+0.01	114,312	114.32	114.29	114.30	+0.01
114,312	114.32	114.29	114.30	+0.01	114,312	114.32	114.29	114.30	+0.01
114,312	114.32	114.29	114.30	+0.01	114,312	114.32	114.29	114.30	+0.01
114,312	114.32	114.29	114.30	+0.01	114,312	114.32	114.29	114.30	+0.01
114,312	114.32	114.29	114.30	+0.01	114,312	114.32	114.29	114.30	+0.01
114,312	114.32	114.29	114.30	+0.01	114,312	114.32	114.29	114.30	+0.01
114,312	114.32	114.29	114.30	+0.01	114,312	114.32	114.29	114.30	+0.01
114,312	114.32	114.29	114.30	+0.01	114,312	114.32	114.29	114.30	+0.01
114,312	114.32	114.29	114.30	+0.01	114,312	114.32	114.29	114.30	+0.01

# Direct banking, worldwide

Comments by the Chairman, The Rt. Hon. Lord Barber

The trading profits of the Bank and its subsidiaries for the year ended 31 December, 1983, including the Bank's share of associated companies' profits, amounted to £308 million. After deducting interest on loan capital the profit before taxation was £268 million, compared with £242 million in 1982.

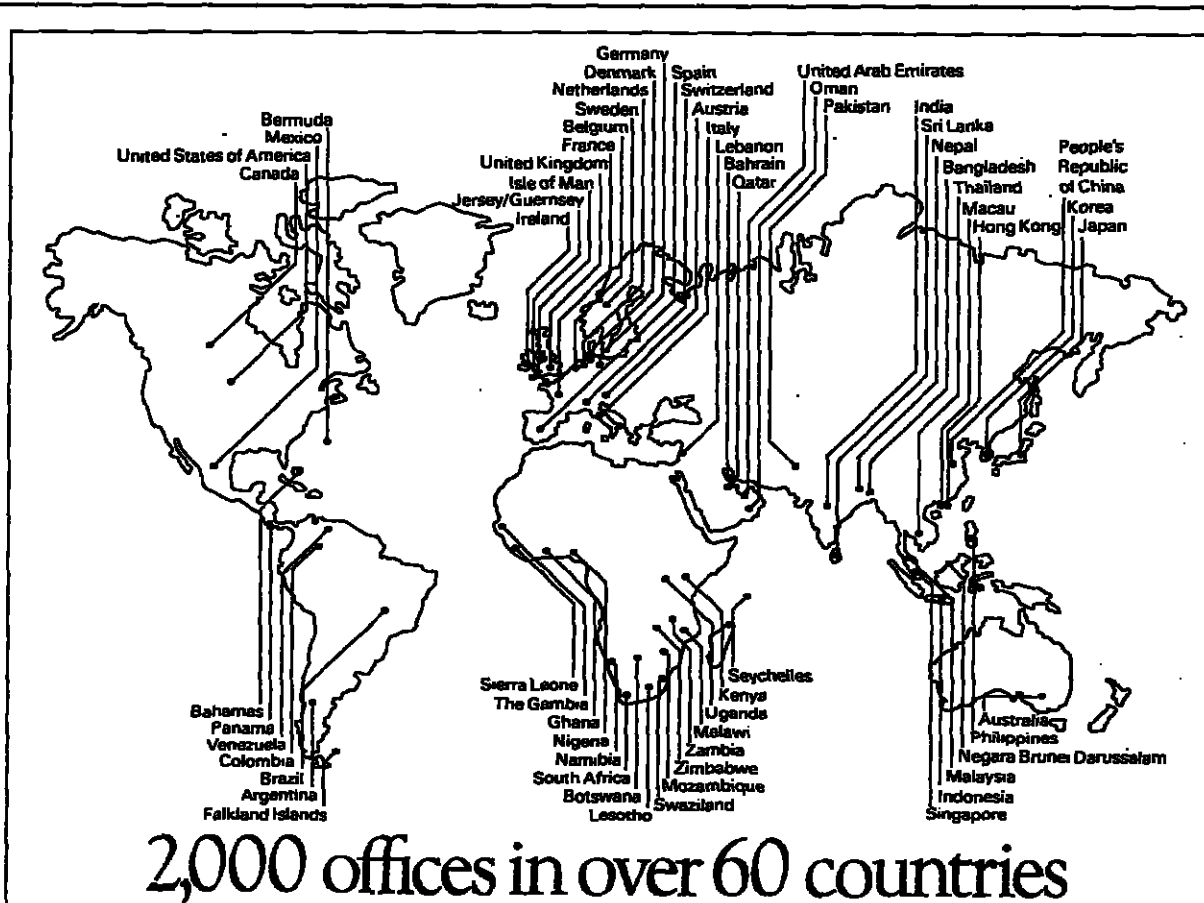
This increase in pretax profit of 11 per cent over the previous year reflects a reasonable overall performance when account is taken of the difficult world trading background, which resulted in a significantly higher level of bad debt provisions against the loan portfolio, the amount rising from £83 million to £134 million. The net effect of exchange movements on profits was almost neutral.

After deduction of taxation and minority interests, the profit attributable to shareholders excluding extraordinary items amounted to £114 million. On the basis explained in the notes to the accounts, the calculation of earnings per share takes into account the rights issue of last May, and amounts to 77.1 pence per share for the year, compared with 85.7 pence per share in the previous year.

Arising from the Chancellor's proposed changes, the Bank has decided to make full provision for deferred taxation on United Kingdom equipment leasing; consequently, a charge of £36 million has been included in extraordinary items. This is partly offset by a profit of £24 million following the sale of a major office building in California.

An interim dividend of 9.5 pence per share was paid in October and the recommendation of the Board is for a final dividend of 18.5 pence. The total payment for the year of 28 pence per share on the increased capital is covered 2.8 times by earnings.

In May shareholders provided £98 million net of expenses in new equity by way of a rights issue. In November US\$200 million of subordinated capital debt was raised by an issue of floating rate notes and



2,000 offices in over 60 countries

the proceeds were received in early January 1984. Capital resources were also augmented by retained profits before extraordinary items of £70 million. These developments have enabled the Group to sustain a continuing large investment programme in buildings and equipment, as well as to support further growth in our various banking businesses. The continuing need to maintain our capital ratios is well before us and further surplus asset disposals will take place.

By the end of 1983 total shareholders' funds stood at £1,270 million and total capital employed in the Group, including loan capital and minority interests, amounted to £1,919 million.

In 1983 the Group encountered widely varying business conditions as the world emerged from the depths of the recession. In some areas the Group achieved encouraging gains and, among these, it is particularly pleasing to record the strong performance

of the subsidiaries in South Africa and California; this reflects much credit on the efforts of the local management in these highly competitive markets.

In the rest of Africa good trading results were diminished in sterling terms by a number of currency devaluations, as several Governments strove to implement policies of adjustment to a more difficult external environment.

Confidence factors dominated the banking sector in Hong Kong last year and we had to make substantial provisions in respect of some manufacturing companies which were damaged by the property market situation. However, there was an impressive 26 per cent increase in exports in 1983 which is remarkable evidence of the Hong Kong economy's resilience and adaptability in responding to opportunity. In Malaysia and Singapore, where trading performance was rather flat, results were enhanced by exchange rate movements, as compared with 1982.

In the United Kingdom our wholesale businesses in the City had a successful year and Chartered Trust swung back into profit. However, our regional commercial banking performed poorly, incurring heavy provisions, and steps are being taken to improve it. Following the acquisition of the outside shareholdings in Midland and International Banks, a Private Act was passed to enable MAIBL to be merged with Standard Chartered Merchant Bank with effect from 31 December, 1983, thus creating one of the largest merchant banks in the City.

Towards the end of last year we announced our intention of applying to join the Bankers Clearing House. We have since agreed to a temporary deferment of our application because the Clearing Banks first wish to undertake a thorough review of the implications of wider membership.

Plans to reorganise the Standard Chartered Group, so that "Standard Chartered" becomes the name of the Bank as seen by the public more widely around the world are in hand and are expected to be well advanced by the end of 1984.

# Standard Chartered

Copies of the Report and Accounts and of the Chairman's Statement may be obtained from:  
The Secretary, Standard Chartered Bank PLC, 10 Clements Lane, London EC4N 7AB.

الحكمن الفصل



FUTURES AND OPTIONS

Marsh & McLennan Loss  
Raises 2 Big Questions

By H.J. MAIDENBERG  
New York Times Service

NEW YORK — On April 9, the Treasury-bond-futures market was stunned when Marsh & McLennan Cos., the largest U.S. insurance broker, said it was writing down its first-quarter earnings by \$60 million because of losses in the bond market. A write-down of that size would normally indicate that the actual losses were at least twice that much.

But it was not the size of the reported loss that shocked the bond-futures traders. Rather, it was the questions it raised — questions that some futures-market specialists say probably tell more about the losses than whatever else will surface on the subject.

Typical of the questions were those last Friday by Richard L. Sandor, senior vice president of Drexel Burnham Lambert Inc. and an authority in the financial-futures markets, who remarked: "Given the fact that, to our best knowledge, all the losses occurred in the cash-bond market, I'd like to know two things. One, how a top company could lose so much money in so brief a time without internal alarm bells ringing in the auditor's office. Secondly, why would any money-market professional go naked in the market in this day and age, instead of hedging all or part of the exposure with futures."

Noting that he was not privy to Marsh & McLennan's bonding-trading strategies, which it has steadfastly refused to discuss in detail, Mr. Sandor nonetheless went on to offer some other observations: "Large bond traders or investors can today get better prices with the futures by definition because they are high-liquidity markets. From the magnitude of the declared losses, we are talking about a position of perhaps \$700 million or more. If you move even half that much in the cash market, it would sharply depress prices. Everybody knows they sold short at least \$700 million with one futures broker last Monday [April 9] and it hardly budged prices in the bond pit."

It also noted that futures positions are "marked to the market" every day, so traders are aware of their portfolio gains or losses before every market opening. "You can run up huge losses in futures, but you'll hear about it the next day, not next week or next month," Mr. Sandor added.

Norman E. Mains, Drexel Burnham's head financial-markets economist, thinks that the bulk of the position was hedged by sorting futures on Monday. As he explained Marsh & McLennan's hedging operation: "Although they used several futures brokers, the Virginia Trading Company handled the bulk, about 100 bond contracts with a face value of \$100,000 each, or a total of roughly \$700 million. What the hedging operation accomplished was to buy time for Marsh & McLennan. Now that they are hedged with futures, mostly the June bond contract, they have between now and mid-June to pick and choose the moment to unwind their cash position, if that's what they want to do, or roll the position forward to September or later."

By being hedged, any decline in the cash price of the securities should be offset by the increased value of the futures that were sold short and vice versa. As the securities are sold off, an equivalent amount of futures are bought to close out that portion of the hedge.

"It may seem like a lot of futures, but the bond pit of the Chicago Board of Trade handles an average of nine contracts a second," said Mr. Mains. "Besides, the 7,000 contracts were a small part of the 110,000 bond futures traded that day, which was a relatively quiet day in that market."

Larry Morgan, director of the financial-futures group at Dean Witter Reynolds Inc., said that "everyone knew Virginia Trading was effecting the hedges Monday and that they were working on behalf of Morgan Stanley & Co., one of Marsh & McLennan's main brokers."

All futures traders operate in a fish bowl and Virginia Trading is known in the business as one of the smaller operators that thrive among their larger rivals because of their trading speed and skill as well as their studious pursuit of anonymity.

Houses such as Virginia Trading are necessary to all futures exchanges. Sometimes referred to as "two-dollar brokers" or "broker's brokers," they perform a number of vital functions. Last Monday, for example, the houses showed their ability to efficiently handle the bulk of the trades for Morgan Stanley and other Marsh & McLennan brokers before the eyes of all their competitors without causing prices to be swayed.

'Brokers' brokers' perform a number of highly important functions



James D. Robinson 3d, left, the American Express chairman, and Peter A. Cohen, chairman of the Shearson unit, in the Shearson offices at New York's World Trade Center.

Wall Street's Largest Companies

Ranked by total capital as of Dec. 30, 1983

Company	Total Capital (\$ millions)
Merrill Lynch	\$2,024
Shearson Lehman/American Express	1,700†
Salomon Brothers	1,269
Shearson/American Express	1,150†
Dean Witter	965
E. F. Hutton	745
Goldman Sachs	712
Prudential-Bache	493
Paine-Webber	450
Beaumont, Stearns	420
Donaldson, Lufkin & Jenrette	407
First Boston	406
Lehman Brothers	338
Lehman Brothers	250†

† Figures provided by Shearson/American Express; capital for Shearson/American Express is an estimate for the completed acquisition. \* Subsidiary of American Express. \*\* Subsidiary of First Boston. \*\*\* Subsidiary of Salomon. \*\*\*\* Subsidiary of Prudential Insurance. Source: Securities Industry Association

U.S. Investment Houses at Crossroads

By Leslie Wayne  
New York Times Service

NEW YORK — Attention on Wall Street last week focused on the dramatic news that the 134-year-old firm of Lehman Brothers Kuhn Loeb Inc. decided to sell out to Shearson/American Express — in effect, trading its independence for money. It was a bell tolling of sorts: Lehman's action further reduced the already small number of old-line private investment houses.

The venerable firms still remaining have prospered lately, rolling up record profits and turning partners into multi-millionaires. But, as the financial-services industry undergoes massive upheaval, the grand houses that once dominated investment banking are being pushed into a secondary role.

Some say it is only time before other big private firms — the biggest are Goldman, Sachs; Bear, Stearns; Morgan Stanley, and Kidder, Peabody — follow in Lehman's footsteps. The demand for more capital and the

fragility of financial partnerships may send these firms into the welcome arms of a rich corporation or encourage them to go public. After all, a firm so seemingly wedded to its freedom as Salomon Brothers agreed just two years ago to be acquired by the Pibco Corp., a giant public trading concern.

"There will be a decrease," said George Shinn, former chairman and chief executive of First Boston Inc. and now an executive-in-residence at the Columbia Business School. "Their basic problem is capital and the impermanency of their capital. To compete in Wall Street will require a great deal more capital than once before and that will make it more difficult for partnerships."

Others say that these firms are proven survivors. Some can trace their roots back 100 years or more and have even outlived many of the corporations they financed. This staying power reflects a creativity and ingenuity that has allowed them to adapt to changing times.

"We've been in business for 150 years as a private partnership," said John C. Whitehead, co-chairman of Goldman, Sachs & Co. "And we expect to be in business as a private partnership for the next 150 years."

Despite such bravado, the world of these private firms has become more perilous. New billion-dollar corporations continue to march into the fray — brokers like Merrill Lynch, insurance companies like Prudential and financial conglomerates like American Express. Big commercial banks such as Bankers Trust and Citicorp have been nibbling at the edges, and thousands of savings and loan institutions may not be far behind.

And the remaining private firms have far less capital — required to expedite block trading and the underwriting of securities — to fend off these new competitors, with their reserves and access to public markets. The reduced margins on Wall Street of late have increased the temptation for private firms to

(Continued on Page 11, Col. 1)

Chase's Profit Off 3%, Bankers Trust's Up 21%

United Press International

NEW YORK — Chase Manhattan Corp. reported a 3-percent drop in earnings in the first quarter Monday, while Bankers Trust New York Corp. said its earnings rose 21 percent including an extraordinary gain of 13 percent without the gain.

Chase, parent of the third-largest U.S. bank, earned \$102.5 million or \$2.55 a share in the first three months of 1984. Its earnings were \$106.1 million or \$2.73 a share in the corresponding quarter last year. In 1983, first-quarter earnings were down 8 percent from the 1982 quarter.

Chase said increases in most fee-based income categories were more than offset by a decrease in interest spread and net interest income, including about \$5 million on non-accrual loans to private sector bor-

rowers in Argentina. That was the same amount it added to its loan loss reserve.

About \$325 million of Chase's \$800-million exposure in Argentina is to the private sector, which was not affected by the loan package put together March 30 to pay back interest on public debt.

Chase noted that its total loan charge-off of \$51 million in the first quarter was the lowest in seven quarters. Its loan loss reserve of \$588 million represented 1.04 percent of assets, compared with 1.01 percent at the end of 1983. Non-accrual and reduced-rate loans also declined, to about \$1.64 billion from \$1.9 billion in the first quarter last year and \$1.87 billion at the end of 1983.

Trading profits in foreign ex-

change and other securities declined 26 percent and 44 percent respectively, to \$26.7 million and \$6.4 million.

A 10-percent rise in interest and fees on loans and a 12-percent increase in interest on bank deposits failed to offset a 33-percent decrease in net interest income on U.S. Treasury securities, a 21-percent drop in federal agency holdings and a 43-percent decline in interest on other bonds, notes and debentures.

Analysts said portfolio earnings had been soft for most money-center banks since the first quarter of 1984 represented a narrowing of spreads between yield and cost of funds.

Bankers Trust, holding company for the 10th-largest U.S. bank, at-

tributed its earnings gain primarily to foreign exchange trading profits, which jumped to \$34.3 million from \$9.6 million a year ago, as well as to higher fee and commission income.

The gain came despite a large increase in loan loss provision, to \$45 million from \$15 million the previous year. Argentina payments resulted in less than \$1 million in additional income for the company.

Bankers Trust earned \$69.2 million, or \$2.03 a share, in the first quarter, compared with \$61.1 million, or \$2.03 a share, a year ago. The results exclude profits of \$4.9 million, or 16 cents a share, from the sale of retail branches. Including this gain, Bankers Trust's profit jumped 21 percent to \$74.1 million, or \$2.36 a share.

Hewlett-Packard to Offer New 'Lap' Computer

By David E. Sanger  
New York Times Service

NEW YORK — Hewlett-Packard Co., seeking to make up for its late entry into the personal computer market last year, will introduce a lightweight "lap" computer in the next few weeks. Industry analysts say the machine will be significantly more advanced than any now made by the major computer makers.

Company officials hope the computer, code-named Nomad, will increase sales of the HP 150, Hewlett's first personal computer, which has met a mixed response.

Industry sources, some of whom have seen the new machine, say it will weigh nine pounds (four kilograms), will run almost all the programs written for the HP 150 and will include at least two programs built into its permanent memory: the Loms 1-2-3 financial spreadsheet and graphics package and a word processing program.

"It will be very easy to use, very elegant," said Adam F. Cuhney, a technology analyst for Salomon Brothers Inc. "Most of the other lap computers we have seen are somewhat clumsy machines." It will also be more powerful. Like the HP 150, the Nomad is a high-speed microcomputer, capable of pro-

cessing 16 bits of information at a time and including a minimum of 256,000 characters of internal memory.

Officials of Hewlett-Packard decline to discuss the machine except to confirm that a portable computer will be introduced next month. Analysts expect the Nomad to carry a base price of about \$3,000 and appeal primarily to the professional market.

Apple Computer Inc. is expected to introduce a less powerful, \$1,300 lap computer next week, aimed primarily at more casual home and professional users looking for a portable version of the popular Apple II.

Thus, Apple and Hewlett are

staking out positions at the low and high ends, respectively, of what many analysts expect may be the fastest-growing sector of the microcomputer industry over the next few years: the market for battery-operated computers weighing less than 10 pounds and designed for

executives or writers who travel a lot.

The first such machines appeared last year, marketed by a number of small U.S. and Japanese manufacturers, including Sharp Corp. and Nippon Electric Co. So far, the industry leader, International Business Machines Corp., has announced only a 30-pound "luggable" computer, though it is rumored to be working on several lightweight portables.

Hewlett reportedly hopes that beating IBM to the lap model market will help Hewlett's developing line of personal computers. Initial sales of its first entry, the HP 150, have been sluggish. One analyst, Michael J. Kraske, reported last week that Hewlett was falling 50 percent short of its goal of shipping 8,000 HP 150s a month. The company has also had trouble making some programs work with its unusual "touchscreen" technology. This lets a user move a column

of numbers, for example, just by pointing to it on the computer screen.

"Hewlett is still defining its role in the computer market," Mr. Kraske said. "They hope Nomad will give dealers the feeling that the company is committed to the business."

Like the HP 150, the appeal of the Nomad is expected to be its advanced features, particularly its built-in programs.

On most desktop models, software is installed through disk drives and loaded in the computer's temporary memory. But Hewlett-Packard, working with Lotus Development Corp. and other software vendors, etched Lotus 1-2-3 and other programs onto the permanent chips known as read-only memory chips, or ROMs. Thus, when the power is turned on, these programs are read automatically by the machine.

West Germany  
Expected to Lift  
GNP 3% in '84

Compiled by Our Staff From Dispatches

BONN — West Germany's gross national product will grow slightly more than an inflation-adjusted 3 percent in 1984, the country's five leading economic research institutes said Monday in a joint report. Last year's growth was 1.3 percent. The forecast compares with a 2.5-percent-growth prediction made in January in the government's annual economic report. The GNP is a measure of the total value of a nation's goods and services.

The institutes also said that West German capital investment was likely to rise 6 percent in 1984 from 1983.

Economics Minister Otto Lambdorsff said later in a statement on the institutes' report that it confirmed the government's current assessment of the 1984 growth outlook.

The forecast was issued by the German Institute for Economic Research in West Berlin, the Hamburg-based HWWA Institute, the IFO Institute in Munich, the Institute for World Economy in Kiel and the Essen-based Rhine-Westphalian Institute for Economic Research.

The projected 3-percent growth compares favorably with the institutes' forecast for only 2.5 percent inflation-adjusted economic expansion in Britain, Sweden and Denmark, 2 percent in Italy and the Netherlands and only 1 percent in France. The growth predictions for the United States and Japan, were 5 and 4.5 percent, respectively.

Mr. Lambdorsff said the government shared the institutes' view that the long-awaited recovery had become self-sustaining. By this the institutes meant that the recovery was based on substantial increases in both domestic and foreign demand for West German goods and on growing capital investment, rather than on government support programs to failing industries.

The report also forecast that West Germany's 1984 current account surplus would rise to about 20 billion Deutsche marks (\$7.7 billion) from the 10.1-billion-DM surplus last year. The current account is a broad measure of trade in merchandise and nonmerchandise items, such as services.

The institutes also forecast that West Germany's merchandise trade surplus would rise to 61 billion DM in 1984, from 50.7 billion in 1983.

The institutes' report said that international economic recovery would produce a strong increase in foreign demand for West German goods, with exports likely to rise 10 percent from 1983.

Increased demand will come from the rest of Western Europe and the developing countries, including the nations of the Organization of Petroleum Exporting Countries, while demand from the United States was expected to level off.

The institutes' report predicted that unemployment, averaging 9.3 percent of the work force last year, would fall 200,000, to 2.15 million, or 9 percent, this year. The projection on the jobs



Otto Lambdorsff

rate — the nation's most pressing economic concern — comes as employers and the country's biggest trade union, I.G. Metall, planned to meet Tuesday to try to resolve a dispute over shorter working hours and avoid a threatened strike.

Mr. Lambdorsff said growth of over 3 percent will only be possible if there are no extended labor disputes.

The institutes said the most serious threat to improved investment is the union's demand for a cut in the working week to 35 hours from the present 40 with no loss of income.

The German Industry Federation said it agreed with many of the institutes' projections but warned that an upswing cannot be considered self-sustaining yet because of a threatened strike.

Like the government, the institutes seek continued adherence to free market principles, fiscal consolidation and a revision of the income-tax system to stimulate the economy, Mr. Lambdorsff said.

The Monday report came after weeks of reports that industry has become more optimistic and corporate earnings have risen, the institutes' report said. A recent report by the IFO found that 75 percent of business executives queried said that their business situation was either good or satisfactory.

(Reuters, UPI, IHT)

Share Prices  
Dive in London

Reuters

LONDON — The Financial Times 30-share index dropped 20 points Monday to close at 875.2. It was the largest one-day drop in the index in two and one-half years. Stock market sources attributed it largely to fears that the British miners' dispute would intensify.

The decline reduced the aggregate value of quoted shares on the London Stock Exchange by about £3.3 billion (\$4.6 billion), to about £177 billion, the sources said.

The FT 30-share index dropped 20.5 points Sept. 23, 1981. Proportionately this was a greater decline than Monday's, as the index was then at about 500.

**KLEINWORT BENSON (JAPAN) FUND**  
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DIVIDEND NOTICE

A dividend of US \$0.35 has been declared payable as from May 2nd, 1984 against remittance of coupon no 13. The record date has been fixed at April 11th, 1984 and shares will quote ex-dividend as from April 16th, 1984.

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**KLEINWORT BENSON (JAPAN) FUND**  
by order of the board  
The Secretary

CURRENCY RATES

Late interbank rates on April 16, excluding fees.  
Official fixings for Amsterdam, Brussels, Milan, Paris, New York rates at 4:00 pm EST.

	\$	DM	FF	£	Yen	S.F.	Yen
Amsterdam	3.7445	4.229	11.227	3.2428	12.228	5.716	12.228
Brussels	33.92	76.75	20.553	6.642	2.305	18.12	34.44
Frankfurt	2.438	3.7545	—	32.50	1.616	8.845	128.45
London (S)	1.622	2.20425	418.06	115.03	237.58	4.2226	76.27
Milan	1.43125	—	—	—	—	—	—
New York (C)	—	1.4205	2.2055	6.135	1.60750	3.7775	33.955
Paris	6.114	11.561	307.92	—	—	—	—
Tokyo	255.05	204.43	86.26	22.74	N.A.	75.48	417.77
Zurich	2.1665	3.1114	82.94	35.94	1.3141	74.275	18.12
1 ECU	0.8467	0.5945	2.2015	4.8703	1.30057	2.5184	45.225
1 SDR	1.05779	0.73467	2.78749	8.929	1.72532	3.1444	57.015

	\$	DM	FF	£	Yen	S.F.	Yen
ECU	0.8467	0.5945	2.2015	4.8703	1.30057	2.5184	45.225
Australia	1.0709	1.163	—	—	—	—	—
Belgium	12.565	0.063	—	—	—	—	—
Canada	0.781	0.647	—	—	—	—	—
Denmark	1.182	—	—	—	—	—	—
Finland	0.1772	—	—	—	—	—	—
French franc	6.5595	0.0712	—	—	—	—	—
German mark	193.63	0.00517	—	—	—	—	—
Italian lire	2.366	0.00042	—	—	—	—	—
Japanese yen	163.89	0.00616	—	—	—	—	—

Source: Reuters (L24) (1984)  
(a) Commercial bank (b) Amounts needed to buy one pound (c) Amounts needed to buy one dollar (\*)  
Units of 100 (a) Units of 1,000 (b) Units of 10,000  
N.A., not available; N.M., not available.

INTEREST RATES

Eurocurrency Deposits April 16

	Dollar	D-Mark	Swiss Franc	Sterling	French Franc	ECU	SDR
1M	10 1/8 - 10 1/4	5 1/2 - 5 3/4	3 1/4 - 3 1/2	8 1/4 - 8 1/2	12 1/4 - 12 1/2	9 1/4 - 9 1/2	9 1/4 - 9 1/2
3M	10 1/4 - 10 1/2	5 3/4 - 5 1/2	3 1/2 - 3 3/4	8 1/2 - 8 3/4	12 1/2 - 12 3/4	9 1/2 - 9 3/4	9 1/2 - 9 3/4
6M	10 1/2 - 10 3/4	5 1/2 - 5 3/4	3 3/4 - 3 1/2	8 3/4 - 9 1/4	12 3/4 - 13 1/4	9 3/4 - 9 1/2	9 3/4 - 9 1/2
1Y	11 1/4 - 11 1/2	5 3/4 - 5 1/2	3 1/2 - 3 3/4	9 1/4 - 9 3/4	13 1/4 - 14 1/4	9 1/2 - 9 3/4	9 3/4 - 9 1/2

Rates applicable to interbank deposits of \$1 million minimum (for equivalent).

Key Money Rates

	United States	Close	Prev.	Britain	Close	Prev.
Discount Rate	9 1/2	9 1/2	9 1/2	Bank Base Rate	8 1/4	8 1/4
Federal Funds	10 1/4	10 1/4	10 1/4	Call Money	8 1/4	8 1/4
Prime Rate	12 1/2	12 1/2	12 1/2	91-day Treasury Bill	9 1/4	9 1/4
Broker Loan Rate	11 1/2	11 1/2	11 1/2	3-month Treasury	8 1/2	8 1/2
Cornst. Power, 30-175 days	10 1/2	10 1/2	10 1/2			
3-month Treasury Bills	9 1/2	9 1/2	9 1/2			
6-month Treasury Bills	9 1/2	9 1/2	9 1/2			
CD 1-30 days	9 1/2	9 1/2	9 1/2			
CD 45-90 days	9 1/2	9 1/2	9 1/2			

West German

Overboard Rate	5.50	5.50
Overnight Rate	5.55	5.55
One Month Interbank	5.70	5.70
Three Month Interbank	5.85	5.85
Six Month Interbank	5.95	5.95

GOLD PRICES			
	A.M.	P.M.	Ch'ng
Hong Kong	380.95	379.45	- 0.90
	190.00		- 0.05







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BUSINESS ROUNDUP

## Porsche's Public-Issue Price is Expected to Set Record

**Reuters**  
FRANKFURT — The public offering of shares by Porsche AG, the West German sports-car maker, is expected by analysts to be priced at a record of between 60 Deutsche marks (\$268) and 800 DM for each 50-mark nominal share.  
The issue price is due to be announced at Porsche's headquarters in Stuttgart Tuesday. Because of the expected strong demand, investors are being limited to 100 shares each.  
Banking sources said the price was being decided at a meeting Monday between Porsche management and analysts advising the company from three banks, Bayerische Vereinsbank AG, Deutsche Bank AG and Landesbank AG in Stuttgart.

Porsche announced plans to go public on March 29, ending months of speculation that Arab interests wanted a stake in the company.  
The issue price of 700-800 DM now being discussed compares with a trading range for Daimler-Benz AG shares this year of 548 DM to 656 DM, and for Bayerische Motoren Werke AG, of 388 DM to 455 DM.  
Analysts put Daimler's per-share earnings at about 60 DM, while BMW's are estimated at 50 DM.  
In the year ended July 30, 1983, Porsche almost doubled its profit to 69.5 million DM on a 40-percent rise in sales to 2.1 billion DM.  
Porsche's finance director, Heinz Brantitzki, said at the end of March that sales between August 1983 and February were up 34 percent from a year earlier.

## Scott & Fetzer In Buyout Bid

**New York Times Service**  
NEW YORK — Scott & Fetzer Co., which produces the World Book Encyclopedia and Kirby vacuum cleaners, says top officers of the company have offered to buy it for \$360 million cash.  
Under the proposal submitted Saturday, Ralph Scheff, chairman and chief executive officer, and several others would pay Scott & Fetzer stockholders \$50 a share.  
Scott & Fetzer reported 1983 profit of \$32 million, or \$4.80 a share, on revenue of \$629 million, up 20 percent from 1982 earnings of \$27 million, or \$4.04 a share, on revenue of \$558 million.

## Charter to Sell Insurance Company to Ease Debts

**The Associated Press**  
MIAMI — Charter Co. has secured a New York investment banking firm to sell its insurance company, with the proceeds going to help pay debts of the Jacksonville-based conglomerate, Charter officials have announced.  
A company spokeswoman, Joanne Stone, said Donaldson, Lufkin & Jenrette Inc. would assist in selling Charter Security Life Insurance Co. to a third party.  
"The purpose is... to protect Charter Security Life and its policyholders from negative publicity directed at Charter, and to use the proceeds of the sale to reduce existing indebtedness of Charter," she said. Charter Security Life policyholder accounts are unaffected by the action, she added.  
The Nashville Tennessean, in its Sunday edition, reported that Charter also planned to sell its oil

company to raise cash. The newspaper quoted sources as saying that the company is planning to adjust financial statements to reflect losses of as much as \$30 million during the past three years.  
Charter, on Friday asked the New York Stock Exchange to suspend trading of its stock after more than 266,000 shares were traded and the company's share price had fallen to \$5.37, off \$1 from Thursday.  
The unusual volume of trading was caused by "insiders" who are familiar with alleged problems at Charter, The Tennessean said.  
Charter is the controlling stockholder of Nashville's McDowell Enterprises. McDowell earlier this month announced 1983 losses of \$2.1 million, compared with losses of \$1.1 million in 1982.  
Kenneth L. Fisher, a money manager in Burlingame, California,

who owns about 1 percent of the company's stock, said the reason for the trading halt could be the possible sale of Charter's oil refinery in the Bahamas. But another reason might be the reporting of a first-quarter loss in excess of \$4.5 million, Mr. Fisher said.  
The company blamed reduced earnings from its insurance subsidiary operation for most of the deficit. Charter Security Life two weeks ago announced that redemptions in mid-March outnumbered sales of annuities by 10 to 1.  
Charter also reported Sunday that its subsidiary oil operations have experienced an "unanticipated and severe" loss of trade credit during the last two weeks. The company is currently discussing with its lenders means by which the lost trade credit could be replaced.  
Charter Oil Group alone is los-

ing about \$25 million a quarter, the Nashville newspaper said.  
A minority stockholder from Key Biscayne has filed a class action suit in Jacksonville alleging the company attempted to conceal adverse information about Charter's financial condition to maintain an artificially high market price for its stock.  
The stockholder, Marguerite Barker, claims she bought 100 shares of Charter stock between Feb. 28, 1983 and April 2.  
"Beginning at a period on or about May 12, 1983, and continuing to at least April 2, 1984, Charter disseminated to members of the investigating public false and misleading information regarding the financial and operating condition of the company," her suit said.  
The suit named several officers and directors, including Raymond K. Mason, chairman and president.

## Montedison Plans Share Exchange, Then Bond Issue

**Reuters**  
MILAN — Montedison SpA plans a capital restructuring, followed by a convertible bond issue for 142.3 billion lire (\$87.7 million), the chemicals group said Monday.  
As a first step, shareholders will be asked to approve a share exchange plan in which current shares of 175 lire nominal value would be exchanged for new shares of 1,000 lire nominal value, on a basis of seven new shares for every 40 old shares.  
Holders of the new shares would then be offered convertible bonds on the basis of one bond for every 14 shares held, the company said. The bond offering would be made in two segments of 71.15 billion lire each.  
Each segment of the bond issue would have a life of six or seven years, with conversion into Montedison shares permitted — one share for each bond held — in the first three years of issue.  
Unconverted bonds would be repayable in equal annual segments over the remaining three or four years.

### COMPANY NOTES

**Audi NSU Auto Union AG**, a subsidiary of Volkswagenwerk AG of West Germany, said it will short-name its Audi AG beginning Jan. 1, 1985. A company statement said the supervisory and management boards plan to transfer Audi's legal address from Neckarsulm to Ingolstadt, where its administrative headquarters has been since 1969.

**British Petroleum Co.** said that its consortium started drilling its first exploration well in Block 2/05 in the South Yellow Sea of China, in partnership with South Huang Hai Oil Corp. The contract area, about 300 kilometers (186 miles) north of Shanghai, is one of five contract areas off China awarded to BP and its partners in May last year.

**CP Air** plans to buy Eastern Provincial Airways and its affiliate, Air Maritime Ltd., from Newfoundland Capital Corp. for \$20 million.

company officials said. In a joint announcement, the companies said agreement had been reached for CP Air to acquire all the stock of Eastern Provincial and Air Maritime, subject to Canadian Transport Commission approval.  
**Deutsche Lufthansa AG** has asked Boeing Co. of the United States if it can match the 150-seat plane made by a European consortium, Airbus Industrie. Most of Lufthansa's planes are Boeings.

**Ever Bright Industrial Co.** of Hong Kong said it would set up a special industrial estate in China's Zhuhai district, in a development costing 100 million Hong Kong dollars (\$12.9 million). The site will be solely operated and managed by Ever Bright, the company said.

**Ford Motor Co.** said it plans to invest \$65 million (\$93 million) to build a new five-speed transmission for European-built cars. The gearbox will be built at the

Halewood plant near Liverpool, northwest England. Production is to begin in mid-1987, making 300,000 units a year for shipment to Ford assembly plants throughout Europe.

**Keppel (USA) Inc.**, a wholly owned subsidiary of Keppel Shipyard Ltd. of Singapore, said it would issue up to \$100 million in commercial paper backed by a letter of credit from Chemical Bank. The commercial paper will be sold through Merrill Lynch Capital Markets.

**NEC Corp.** of Japan said it has entered into a technology agreement licensing Zilog Inc. of the United States to make and supply NEC micro-processors and peripheral controllers. Under the five-year agreement, NEC will provide Zilog with the necessary technical information.

**Northwest Orient Airlines** flight attendants will ratify a tentative

three-year agreement that averted a strike Sunday, union officials said. The 36-month pay freeze, retroactive from Jan. 1, followed by a 6 percent pay increase on July 1 of this year and another on July 1, 1985. The proposal includes a dual wage scale for new employees less stringent than one Northwest offered earlier in a proposed 44-month contract.

**Pennsylvania Power & Light Co.** said it planned to offer \$125 million first mortgage bonds due in 1994 through First Boston Corp. The company said it expected a pricing next week.

**PSFS Finance Inc.**, a limited-purpose subsidiary of PSFS of Philadelphia, said it had filed for a proposed public offering of 4 million shares of adjustable rate preferred stock through Goldman, Sachs & Co. Proceeds are expected to be about \$200 million.

## Profit of United Technologies Up

**The Associated Press**  
HARTFORD, Connecticut — United Technologies Corp.'s first-quarter profit increased 21 percent from the 1983 first quarter, on a sales gain of 10 percent, the company reported Monday.  
Profit for the quarter was \$133.5 million on sales of \$3.9 billion, up from profit of \$110.1 million, on \$3.5 billion in sales a year earlier, the company said. It earned \$2 a share for the first quarter, an increase from \$1.71 a share in the 1983 period.

Earlier this year the company's Pratt & Whitney Aircraft Group lost 75 percent of its Pentagon contract for F-15 and F-16 fighter jet engines to General Electric Co. GE won \$300 million of the work and Pratt & Whitney \$100 million for the first year of the six-year contract.

## SCM Says It Will Acquire Laporte's Titanium Unit

**International Herald Tribune**  
LONDON — SCM Corp. has agreed in principle to buy Laporte Industries (Holdings) PLC's titanium dioxide business for about \$125 million cash, SCM said Monday.  
Titanium dioxide is a whitening agent used in making paint, paper, plastics and rubber products. The planned sale involves plants in Stallingborough, England, and Bunbury, Western Australia, with annual sales equivalent to about \$100 million.

Laporte, a London-based maker of specialty chemicals, said the operations had been unprofitable in recent years but showed a profit in 1983. The company declined to disclose the figure. On news of the planned sale, Laporte shares jumped 40 pence to end the day at 430 pence each.  
SCM, based in New York, said

the acquisition would make it the world's third- or fourth-largest producer of titanium dioxide, behind Du Pont Co. of the United States and Titanium Dioxide Group PLC of Britain and about even with U.S.-based NL Industries. SCM estimated that its annual sales of titanium dioxide would total \$350 million. Apart from chemicals, SCM makes coatings, paper, food and typewriters.

## Occidental Sets China Well

**Reuters**  
BEIJING — Occidental Petroleum Corp.'s subsidiary, Occidental Eastern Inc., is to start drilling its first exploratory well with China Nankai Eastern Petroleum Corp. in the Pearl River estuary this month, the Xinhua news agency said Monday.

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## Investment Houses at Crossroads

(Continued from Page 9)

sellout and reap a sudden windfall. And regulatory changes are shifting investment banking from a unique advisory service, where the private firms had an edge, to a commodity business where anyone with money can compete.

Many see a future Wall Street that will be divided between two types of firms: huge financial conglomerates that offer a full range of financial services and small firms that specialize in a narrow range of activities. The private firms must decide which road to go. To grow will require enormous sums of capital, the kind that comes only by going public. But many say that these firms can stay small and, within their own niche of services, profit handsomely.

In announcing the acquisition of Lehman Brothers, Peter A. Cohen, chairman of Shearson/American Express, said: "The industry has evolved and continues to evolve towards firms that provide both the investment banking and the distribution capability under one roof, and in order to have that you have to have capital resources and the expertise."

The private firms, organized either as a partnership or as a private corporation, generally follow some type of partnership structure. Many creative, entrepreneurial people are attracted to the freedom of partnerships. The best of the pool of young associates are ultimately named partners, which means that they become owners of the house.

They are given shares in the firm that become more valuable as the



Lewis L. Glucksman

firm profits. When a partner retires or leaves, he begins to sell his shares back to the firm. Sometimes this can be costly, especially if earnings are faltering. For instance, when Peter G. Peterson, commerce secretary in the Nixon administration, was elbowed out by Lewis L. Glucksman as chairman of Lehman, he received a settlement totaling some \$15 million. Mr. Glucksman will become a consultant to American Express.

The last great flurry of industry consolidation took place around 1981, when small firms, both public and private, were absorbed by large public companies following a bleak period on Wall Street. Shearson was sold to American Express, Bache to Prudential, Salomon to Phibro and Dean Witter to Sears.

But the sale of Lehman appears to have resulted from internal strife that had gotten so bad that it crippled the effectiveness of the firm. A team that once banded together can easily split into warring factions as the pressures and pace of business increase.

"If you look at those firms that are gone and those who survived, it's always been a people consideration, not a capital consideration," said Charles R. Wolf, a finance professor at the Columbia Business School. "How the people are handled is crucial and those that manage the people well will survive and those that aren't well managed won't."

From his years as an investment banker and brokerage industry analyst, Paul Kelly, president of the private investment firm of Quadrex notes that Wall Street partnerships are inherently unstable. "You've got constant political battles on who's in and who's out," he said. "You've got strong-willed and

proud people and if they lose a political battle they want out and they take their capital with them. You get this constant flux and you don't have much permanency of capital."

Private firms cannot turn to the public debt or equity markets for financing; instead they must rely on the fragile partnership structure — the accumulated wealth of the partners, the firm's own profits and, on occasion, outside lenders.

As well, the enormous profits earned by these firms recently have masked an ominous trend: Margins have been steadily falling on underwriting and the distribution of new issues and in secondary trading.

As trading becomes an even more important source of profits, the capital squeeze becomes more critical. As spreads shrink, a house must trade in deeper volume and maintain even bigger inventories of securities. And this requires a lot of capital.

"The ultimate consideration for these firms will have to be capital," said Donald C. Waite 3d, a director at McKinsey & Co. and the partner in charge of its financial-institutions practice. "They need capital to give them a war chest for the tough times, to give them the wherewithal to make opportunistic moves, and it doesn't surprise me if some of them get into a squeeze."

Adding pressure to the partnerships is the fact that Wall Street has been in the doldrums since late 1983. Lipper Analytical Services estimates that the securities industry earned \$1.6 billion in pre-tax income in the 1982 fourth quarter. By the fourth quarter of 1983, it had plummeted to \$316 million. It has continued to sink, to \$275 million in the first quarter of this year.

"The profits were so good, until recently, that there was no need to consolidate in order to seek outside capital," said Jeff Schaefer, chief economist of the Securities Industry Association. "But if 1984 turns into an unprofitable period, it may start the trend again."

But Samuel L. Hayes 3d, an investment banking professor at the Harvard Business School, said: "It is true that capital requirements have escalated. But it is also fair to say that until now the leading firms in the industry have been able to successfully raise the capital they need. I don't see the capital question having become critical enough to disrupt the forward momentum of leading firms."

## Carter Urges Rejection of Limited Offer

**Reuters**  
LOS ANGELES — Carter Hawley Hale Stores Inc. recommended Monday that shareholders reject Limited Inc.'s cash and stock merger offer.

Carter Hawley sold one million shares of a new convertible preferred stock issue to General Cinema Corp., which would give General Cinema 23 percent of Carter Hawley's voting power. General Cinema paid \$300 million for the cumulative convertible preferred stock.

Carter's board authorized the repurchase of as many as 15 million common shares on the open market and in privately negotiated transactions. Carter Hawley also granted General Cinema a six-month option to buy its Waldenbrook Co. subsidiary for about \$285 million.

Carter Hawley said its board strongly recommended that shareholders reject Limited's offer, partly based on the opinion of Morgan Stanley & Co., Carter Hawley's financial advisers.

The board said the offer was inadequate and not in the best interests of Carter Hawley Hale or its shareholders.

Limited is offering \$30 a share for 20.3 million Carter Hawley shares outstanding, or about 54 percent of the total. Each remaining Carter Hawley share would be converted into 1.32 shares of common stock of Limited.

Carter Hawley said the timing of its stock purchases would depend on market conditions.  
Carter Hawley did not say what price it might pay for its shares.

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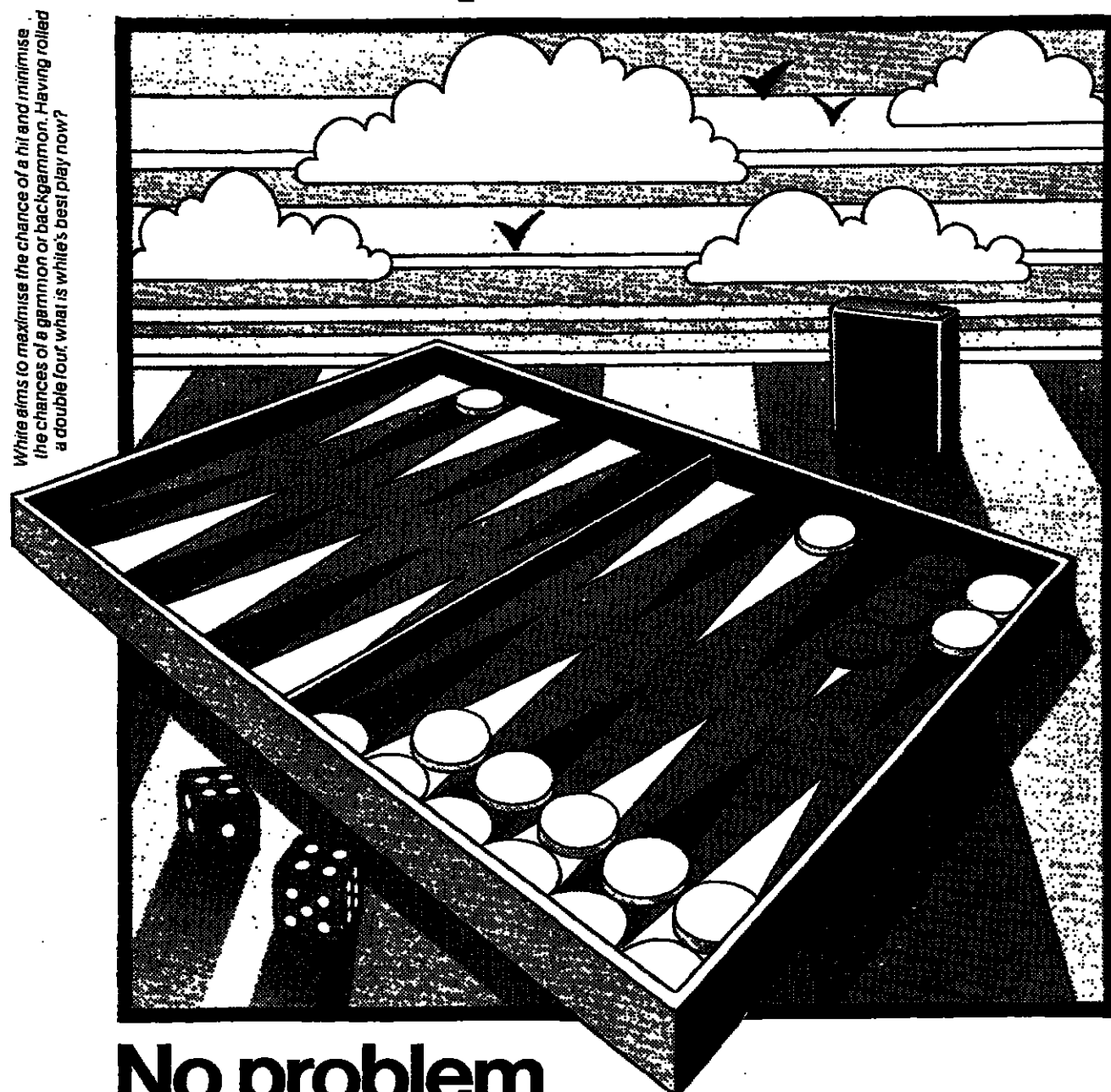
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# The Perp



## New Sears Unit Moves To Challenge Japanese In International Trade

By Stuart Auerbach  
Washington Post Service

WASHINGTON — From making Mexican companies how to make better consumer goods to developing China's capacity to produce plywood from Indonesian logs, Sears, Roebuck & Co., the world's largest retailer, has merged as a large-scale international mercantile force.

The retailer's Washington-based Sears World Trade Inc. is only one of several major U.S. companies that have moved into the field of international trade in the past two years, but its plans are the most ambitious. Among the other large U.S. corporations aiming to become a force in international trade are K mart and General Electric Co.

Though barely two years old, Sears World Trade Inc. is the first U.S. challenge to the giant, well-established Japanese trading companies in international trade.

At the helm of the Sears operation are some well-known Washington hands — its chairman, Rodrick M. Hills, was the head of the Securities and Exchange Commission under President Gerald Ford, and its president, Frank C. Carlucci, was undersecretary of Defense until he left in late 1982 to join Sears World Trade.

Mr. Hills is aware of speculation that the new Sears venture is top-heavy with Washington insiders and lacks the underpinnings necessary to succeed in international business.

"People like to make fun of the fact that we hired high government officials," he said. "We didn't do that. What we hired was people with a wide variety of backgrounds. We hired some people, maybe four, who have a long history of success in dealing with foreign governments." But he added, "We've hired far more people who have experience in international banking than former government officials."

Nonetheless, the list of former Washington officials is impressive. Mr. Carlucci's administrative assistant, for instance, is Susan Clough, who was personal secretary to President Jimmy Carter. Sears World Trade's senior vice president is J. H. Hessler, a former assistant secretary of the Treasury.

Though Mr. Hills plays down the role of the big names, he knows their importance for Sears' business.

"Most of the time we're invited to meet with the head of state, when our competitors can't get in to see them," he said. "There is not an investment banker or central banker who will not receive us."

Sears World Trade also has made a series of joint ventures and corporate purchases designed to speed its growth.

These include the \$8-million purchase of Price & Pearce Ltd., a British forest products company which operates in more than 20 countries, to lead Sears' foray into the field of agribusiness.

Sears also established a close working relationship with Japan's third-largest trading concern, C. Itoh & Co., which gives the retailer the benefit of C. Itoh's trading network.

To give it shipping capabilities, Sears formed a joint venture with Schenkers International Forwarders Inc., a West German freight forwarding company, which allows Sears access to a network of 350 offices around the world.

Then there are the less formal arrangements that Sears has made, giving it access to difficult markets in countries such as Mexico and the Philippines.

In 1983, its first year of actual operations, Sears recorded \$79 million in sales but piled up losses of \$12 million, reflecting its heavy start-up costs.

Mr. Hills said the bulk of Sears' 1983 business — \$60 million — came in the fourth quarter, and predicted 33-percent growth for this year, with "a better than average chance" that sales could reach \$350 million.

Within five years, Mr. Hills sees Sears World Trade contributing between 10 and 20 percent of the parent company's \$30 billion in sales. And he expects the trading organization to generate hefty profit margins.

Until recently, Sears executives have been reluctant to talk about the trading venture. But there is no hint of understatement in Mr. Hills' enthusiasm for the new venture. In public speeches and private conversations, he goes against "those who think this is the worst of all times to go into world trade."

"But to go into it at any other time would be suicidal," he said. "In a global environment it would be insane to compete with the big Japanese companies, who take a lesser return on investment [reportedly profit margins as low as one-



Frank C. Carlucci

teenth of 1 percent of sales] than we'd ever take."

With trade patterns currently in flux, Mr. Hills said, a new company, such as Sears World Trade, has a chance to gain a foothold.

Because many Third World countries lack the hard currency to buy goods, Sears is developing a specialty in counter-trade, a type of barter.

The company's hallmark, Mr. Carlucci said, will be its ability to add value to the materials it trades in — creating new products instead of merely buying and selling commodities.

In Indonesia, Mr. Hills said Sears will help develop the country's forest resources and, in exchange, will gain permission to export raw logs to China, South Korea and Japan. It will, furthermore, help China develop a pulp industry with the logs bought from Indonesia. To accomplish this, Sears will sell China the pulp mill and the logs, and then sell the pulp it produces elsewhere.

In Mexico, where Sears is the largest retail chain, the trading arm is helping 10 manufacturers upgrade their consumer goods, thus creating a new export to bring hard currency to the Mexican economy, which is heavily in debt.

Helping countries develop their export potential allows Sears World Trade to import goods ordinarily prohibited, and to export raw materials, such as Indonesian logs, despite export bans. "We create new industries. That's why Sears, more than any other trading company, is welcomed with open arms," Mr. Hills said.

## Industrial Capacity Use Holds Clues on Inflation

By Jane Seaberry  
Washington Post Service

WASHINGTON — When analysts try to forecast the direction of prices, the paper industry may hold a clue.

So may automakers, rubber and plastics producers, the electrical-machinery industry and utilities.

Some economists say that, because capacity use in these basic industries is higher than the average for manufacturers, companies may have to raise prices as demand for their goods increases.

"These are primary processors," said William V. Sullivan Jr., senior vice president of Dean Witter Reynolds Inc. "Any price pressures that develop there are translated through the rest of the economy quite quickly."

Several other economists, however, argue that demand is not strong enough now to cause price increases, and that manufacturers, who have been buying more plant and equipment, will expand to satisfy the call for more output.

Despite high operating rates in a

few key sectors, capacity use across major industries is only about 81 percent, which does not yet spell danger to many economists. Important industries like chemicals and steel are operating below capacity.

In addition, unit labor costs — an important factor in price behavior — have remained moderate because of relatively favorable rates of productivity growth and small wage increases.

Donald Straszheim of Wharton Econometrics says that, although capacity use is "something important to look at," he does not see evidence yet that demand is strong enough to produce major upward pressure on prices.

The rise in capacity use in U.S. factories, mines and utilities from a low of 69.6 percent during the recession to 80.9 percent in March would suggest increased prices, Mr. Straszheim said. He added, however, that business's fixed investment was increasing, allowing industries to produce more goods and thus keep down costs.

Mr. Sullivan of Dean Witter Reynolds believes that capacity cannot be expanded soon enough to meet demand and that prices will be raised instead.

A case in point is the paper industry. As business booms, so does the demand for paper. The industry

is using close to 100 percent of its plant capacity.

Rather than expand, however, the industry is expected to ration supplies by raising prices — in some cases quite dramatically — because it is too expensive for many paper companies to expand their mills.

It would cost \$350 million to \$600 million for a new mill, said an industry analyst, Jeanne Carroll of Morgan Stanley. A company would not see a return on its investment for about five years, she said.

There is still capacity going on stream, but I can't say it's going like gangbusters," she said.

One important indicator of economic strength for some economists is the demand for linerboard, a type of paper used in corrugated boxes. When business is good, companies need more boxes.

This year, linerboard prices are expected to rise about 20 percent over last year's prices, and the product "has limited capacity coming on stream, less than 1 percent per year increases through 1986," Miss Carroll said.

Linerboard cost about \$300 a metric ton in 1981. The price was \$255 a ton during the fourth quarter last year. Already it has risen to between \$280 and \$290, Miss Carroll said. Last year, industry profits declined 2 percent, but now com-

panies are interested in expanding their profit margins, she said.

Mr. Straszheim and other economists point out that productivity gains will help offset any increase in prices caused by tight capacity. John W. Kendrick, a professor of economics at George Washington University, said there was still a lot of unused capacity available to limit any price increases this year.

Some areas, including parts of the construction industry, are experiencing capacity-induced price increases, he said, but he called these cases "few and far between."

Such price rises are more likely during 1985, Mr. Kendrick said. Capacity use is increasing faster this year than last, but it will not reach 86 percent by the end of this year, he said.

Another closely watched industry is automobiles, which not only has an 86-percent rate of capacity use but will be in contract talks this autumn. A major determinant in this industry's price structure is likely to be the contract rather than capacity use, analysts say.

The surge in demand for automobiles and other goods that require rubber has caused the rubber industry to produce far above the national average. Like the automobile industry, rubber maker drastically cut back their capacity in the last few years, closing plants and laying off workers.

In the last decade 20 percent of that industry's capacity was shut down — 15 percent of it just since 1980, said Howard Leonard, an investment officer with Provident National Bank, Philadelphia.

The industry is also increasing production in its attempt to rebuild its inventories, and some rubber-goods purchasers have double-ordered products to make sure they get supplies, analysts said.

Because of this new efficiency, rubber-industry analysts said, prices are 5 percent below what they were at this time last year. But the price trough was reached last autumn; since then the cost of rubber products has begun to inch up.

Echoing the fears of many economists, Allen Sinai of Lehman Brothers Kuhn Loeb recently wrote that the strong growth of the economy, the increasing capacity-use rates in some industries and a declining dollar had "rekindled the fear of a sharp reacceleration of inflation this year."

"The rapid growth in the economy and quick closing of the gap between slack and full utilization do suggest a warning flag and caution on the prospects for inflation," Mr. Sinai wrote, "but it is still too early for pessimism. Late this year or next is more the time for this type of inflation."

## Trade Gap Seen Wider in France

PARIS — The French government has sharply revised upward its forecast trade deficit for this year to between 20 billion francs (\$2.5 billion) and 25 billion francs from an original deficit target of 7 billion francs, sources close to Finance Minister Jacques Delors said Monday.

But the forecast deficit is still about half the size of the 42.25 billion-franc deficit recorded last year.

Separately, the majority of industrialists answering a Bank of France survey say they expect to invest more this year than in 1983.

The bank's annual survey of industrial activity released Monday showed 58 percent of companies with 500 or more employees expecting to invest more in real, or inflation-adjusted, terms, compared with 20 percent seeing a decline and 22 percent forecasting an unchanged investment picture.

The reported rise in investment intentions backs up a forecast by the national statistics institute, INSEE, earlier this month of an 11-percent rise.

Belgium				Canada				France				Germany				Japan				United States			
Belmont				Abitibi-Price				Sté Générale				Allied Corp.				CPC Int'l				Am. Cyanamid			
1st Qu.	1984	1983	1982	1st Qu.	1984	1983	1982	1st Qu.	1984	1983	1982	1st Qu.	1984	1983	1982	1st Qu.	1984	1983	1982	1st Qu.	1984	1983	1982
Revenue	1,000	950	900	Revenue	1,000	950	900	Revenue	1,000	950	900	Revenue	1,000	950	900	Revenue	1,000	950	900	Revenue	1,000	950	900
Net Inc.	100	90	80	Net Inc.	100	90	80	Net Inc.	100	90	80	Net Inc.	100	90	80	Net Inc.	100	90	80	Net Inc.	100	90	80
Per Share	1.0	0.9	0.8	Per Share	1.0	0.9	0.8	Per Share	1.0	0.9	0.8	Per Share	1.0	0.9	0.8	Per Share	1.0	0.9	0.8	Per Share	1.0	0.9	0.8
Dana				Bell Atlantic				Comerica				Grace (W.R.)				IC Industries				Pfizer			
1st Qu.	1984	1983	1982	1st Qu.	1984	1983	1982	1st Qu.	1984	1983	1982	1st Qu.	1984	1983	1982	1st Qu.	1984	1983	1982	1st Qu.	1984	1983	1982
Revenue	1,000	950	900	Revenue	1,000	950	900	Revenue	1,000	950	900	Revenue	1,000	950	900	Revenue	1,000	950	900	Revenue	1,000	950	900
Net Inc.	100	90	80	Net Inc.	100	90	80	Net Inc.	100	90	80	Net Inc.	100	90	80	Net Inc.	100	90	80	Net Inc.	100	90	80
Per Share	1.0	0.9	0.8	Per Share	1.0	0.9	0.8	Per Share	1.0	0.9	0.8	Per Share	1.0	0.9	0.8	Per Share	1.0	0.9	0.8	Per Share	1.0	0.9	0.8
Gt. West. Fin.				Hellenic Brew.				Hercules				Hosp. C. Amer.				NCR				Union Camp			
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Lilly (Eli)				Marine Midland				Motorola				Polaroid				Security Pacific				Upjohn			
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Revenue	1,000	950	900	Revenue	1,000	950	900	Revenue	1,000	950	900	Revenue	1,000	950	900	Revenue	1,000	950	900	Revenue	1,000	950	900
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Sunstrand				Tandy				Time				Utd. Tech.				Wm. Wrigley				Yarnall			
1st Qu.	1984	1983	1982	1st Qu.	1984	1983	1982	1st Qu.	1984	1983	1982	1st Qu.	1984	1983	1982	1st Qu.	1984	1983	1982	1st Qu.	1984	1983	1982
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## Feldstein Urges End to Car Quotas

By Don Irwin  
Los Angeles Times Service

WASHINGTON — Martin S. Feldstein, the principal White House economist, has called for elimination of quotas on Japanese auto imports, which he said had kept prices higher for American consumers since Japan voluntarily cut them in effect in 1981.

Mr. Feldstein, who heads the Council of Economic Advisers, also said Sunday on a television interview that a failure by Congress to enact the deficit reduction package now before it and to follow up with further action after the November elections would hamper economic recovery. He said a determined follow-up program could actually get us to a balanced budget by the end of the decade.

Asked about ending the import quotas when the agreement with Japan expires a year from now, Mr. Feldstein said he thought it was

"about time." He thus lent support to the view espoused last month by Commerce Secretary Malcolm Baldrige.

Under the agreement between the Japanese and U.S. governments, Japanese automakers can export only 1.68 million cars a year to the United States.

"I think that the quotas have kept prices higher to American consumers. I think they do threaten to put inflationary pressures into wage setting in the auto industry," Mr. Feldstein said.

Mr. Feldstein played down his past advocacy of higher taxes and lower military spending than that proposed by President Ronald Reagan. Instead, he warmly commended the \$143-billion, three-year budget reduction package agreed to by Mr. Reagan and Senate Republican leaders. It includes \$48 billion in revenue increases along with spending cuts.

Mr. Feldstein said it would be inaccurate to compare the size of that "balanced package" with the \$700 billion estimated growth in the deficit over the next three years. He said the package would produce a steady increase in the rate of deficit reduction.

## India Announces Rise In Oil and Gas Earnings

NEW DELHI — India's state-owned Oil & Natural Gas Commission earned 7.92 billion rupees (\$734.1 million) in the year ended March 31, up from 6.92 billion rupees a year earlier, the company said Monday.

Crude-oil production from onshore and offshore areas rose 27 percent to 23.25 million tons, from 18.23 million tons in the previous year.

## The Perpetual Calendar

75% deposits and own cheque  
TYNDALL BANK  
DOLLAR MONEY ACCOUNT

The Perpetual Calendar

# 19 GZB BILANZ 83

<b>Bilanzsumme</b> 123.430 Mio. S (+ 13,4%)	<b>Bankguthaben</b> 35.046 Mio. S (+ 19,2%)
<b>Wertpapiere und Schatzscheine</b> 25.328 Mio. S (+ 17,8%)	<b>Gesamteinlagen</b> 110.296 Mio. S (+ 13,6%)
<b>Eigenmittel</b> 3.292 Mio. S (+ 21,2%)	<b>Gesamtkredite</b> 50.324 Mio. S (+ 8,2%)
	<b>Gesamt- Liquidität</b> 56,7%

Im Dienste der österreichischen Wirtschaft

Mitglied der  
UNICO Bankengruppe

1010 Wien, Hohen-  
gasse 1, 2066

Zentralinstitut des österreichischen Geldsektors  
GENOSSENSCHAFTLICHE  
ZENTRALBANK AG



# Monday's AMEX Closing

Vol. of 4 p.m. 5,274,000  
Prev. 4 p.m. Vol. 4,280,000

Tables include the nationwide prices  
Up to the closing on Wall Street

12 Month High Low Stock Div. Yld. PE 52 High Low Close

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## Grace, American Cyanamid Post Higher Earnings

The Associated Press

NEW YORK — Two leading chemical companies, W.R. Grace & Co. of New York and American Cyanamid Co. of Wayne, N.J., said Monday their profits were up significantly in the first quarter of the year from earnings in the first three months of 1983.

Grace said improved results in its chemicals, natural resources and consumer activities helped boost its profit 39 percent to \$45.9 million in the first quarter of this year, from \$33.1 million a year earlier.

Grace reported revenue of \$1.5 billion from January through March, up 12 percent from \$1.35 billion in the same period last year.

Profit per share rose to 94 cents from 67 cents a year earlier. J. Peter Grace, chairman and chief executive, said an upturn in the natural resources and agricultural chemicals businesses was largely responsible for the company's improved results.

The company said its specialty chemicals business, which contributed 61 percent of Grace's operating income in all of 1983, had a 7 percent earnings gain in the first quarter from a year earlier, with packaging film business and graphics arts products pacing the group in earnings performance.

The company's first-quarter results were also boosted by a gain of \$11 million on the initial public

offering of 27 percent of El Torito Restaurants Inc., which previously had been 100-percent owned by Grace. In the first quarter of 1983, the company reported a \$5.5-million gain on the collection of a previously written-off note receivable.

Excluding all special items, W.R. Grace's earnings were \$31.3 million in the first quarter, up 170 percent from \$11.5 million a year earlier.

American Cyanamid said that improvements in its medical, agricultural, consumer and Formica brand products helped push its first-quarter profit to \$56.5 million, or \$1.15 a share, up 108 percent from \$27.2 million, or 56 cents a share, a year earlier.

Cyanamid said its revenue rose 14 percent to \$938.6 million in the first quarter from \$825.3 million in the first three months of 1983.

George J. Sella Jr., president and chief executive, said operating profits of the chemicals group "were well below those of the previous year" because of lower sales of oil-field service and refinery production chemicals.

But, he said, the medical and agricultural groups showed substantial improvements. For example, initial sales in Canada of Cyanamid's new anti-cancer agent, novantrone mixtoantrone, were running "well ahead of expectations."

## U.S. Futures April 16

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## Stock Indexes

(Indexes compiled shortly before market close)

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## London Metals April 16

Platinum in sterling per metric ton

Silver in ounce per 100 lbs

Silver in ounce per 100 lbs

Silver in ounce per 100 lbs

Silver in ounce per 100 lbs

Silver



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April 16

Issuer/Min coin/Mat.	Coupon Next	Bid	Ask
Aluminum Credit 50-90	18 1/2	6.19	62.70
Medifield 30-90	18 1/2	6.27	62.80
Central 30-90	18 1/2	6.28	62.87
Aluminum Credit 50-91	18 1/2	6.28	62.87
Medifield 30-91	18 1/2	6.28	62.87
Central 30-91	18 1/2	6.28	62.87
Aluminum Credit 50-92	18 1/2	6.28	62.87
Medifield 30-92	18 1/2	6.28	62.87
Central 30-92	18 1/2	6.28	62.87
Aluminum Credit 50-93	18 1/2	6.28	62.87
Medifield 30-93	18 1/2	6.28	62.87
Central 30-93	18 1/2	6.28	62.87
Aluminum Credit 50-94	18 1/2	6.28	62.87
Medifield 30-94	18 1/2	6.28	62.87
Central 30-94	18 1/2	6.28	62.87
Aluminum Credit 50-95	18 1/2	6.28	62.87
Medifield 30-95	18 1/2	6.28	62.87
Central 30-95	18 1/2	6.28	62.87
Aluminum Credit 50-96	18 1/2	6.28	62.87
Medifield 30-96	18 1/2	6.28	62.87
Central 30-96	18 1/2	6.28	62.87
Aluminum Credit 50-97	18 1/2	6.28	62.87
Medifield 30-97	18 1/2	6.28	62.87
Central 30-97	18 1/2	6.28	62.87
Aluminum Credit 50-98	18 1/2	6.28	62.87
Medifield 30-98	18 1/2	6.28	62.87
Central 30-98	18 1/2	6.28	62.87
Aluminum Credit 50-99	18 1/2	6.28	62.87
Medifield 30-99	18 1/2	6.28	62.87
Central 30-99	18 1/2	6.28	62.87
Aluminum Credit 50-00	18 1/2	6.28	62.87
Medifield 30-00	18 1/2	6.28	62.87
Central 30-00	18 1/2	6.28	62.87
Aluminum Credit 50-01	18 1/2	6.28	62.87
Medifield 30-01	18 1/2	6.28	62.87
Central 30-01	18 1/2	6.28	62.87
Aluminum Credit 50-02	18 1/2	6.28	62.87
Medifield 30-02	18 1/2	6.28	62.87
Central 30-02	18 1/2	6.28	62.87
Aluminum Credit 50-03	18 1/2	6.28	62.87
Medifield 30-03	18 1/2	6.28	62.87
Central 30-03	18 1/2	6.28	62.87
Aluminum Credit 50-04	18 1/2	6.28	62.87
Medifield 30-04	18 1/2	6.28	62.87
Central 30-04	18 1/2	6.28	62.87
Aluminum Credit 50-05	18 1/2	6.28	62.87
Medifield 30-05	18 1/2	6.28	62.87
Central 30-05	18 1/2	6.28	62.87
Aluminum Credit 50-06	18 1/2	6.28	62.87
Medifield 30-06	18 1/2	6.28	62.87
Central 30-06	18 1/2	6.28	62.87
Aluminum Credit 50-07	18 1/2	6.28	62.87
Medifield 30-07	18 1/2	6.28	62.87
Central 30-07	18 1/2	6.28	62.87
Aluminum Credit 50-08	18 1/2	6.28	62.87
Medifield 30-08	18 1/2	6.28	62.87
Central 30-08	18 1/2	6.28	62.87
Aluminum Credit 50-09	18 1/2	6.28	62.87
Medifield 30-09	18 1/2	6.28	62.87
Central 30-09	18 1/2	6.28	62.87
Aluminum Credit 50-10	18 1/2	6.28	62.87
Medifield 30-10	18 1/2	6.28	62.87
Central 30-10	18 1/2	6.28	62.87
Aluminum Credit 50-11	18 1/2	6.28	62.87
Medifield 30-11	18 1/2	6.28	62.87
Central 30-11	18 1/2	6.28	62.87
Aluminum Credit 50-12	18 1/2	6.28	62.87
Medifield 30-12	18 1/2	6.28	62.87
Central 30-12	18 1/2	6.28	62.87
Aluminum Credit 50-13	18 1/2	6.28	62.87
Medifield 30-13	18 1/2	6.28	62.87
Central 30-13	18 1/2	6.28	62.87
Aluminum Credit 50-14	18 1/2	6.28	62.87
Medifield 30-14	18 1/2	6.28	62.87
Central 30-14	18 1/2	6.28	62.87
Aluminum Credit 50-15	18 1/2	6.28	62.87
Medifield 30-15	18 1/2	6.28	62.87
Central 30-15	18 1/2	6.28	62.87
Aluminum Credit 50-16	18 1/2	6.28	62.87
Medifield 30-16	18 1/2	6.28	62.87
Central 30-16	18 1/2	6.28	62.87
Aluminum Credit 50-17	18 1/2	6.28	62.87
Medifield 30-17	18 1/2	6.28	62.87
Central 30-17	18 1/2	6.28	62.87
Aluminum Credit 50-18	18 1/2	6.28	62.87
Medifield 30-18	18 1/2	6.28	62.87
Central 30-18	18 1/2	6.28	62.87
Aluminum Credit 50-19	18 1/2	6.28	62.87
Medifield 30-19	18 1/2	6.28	62.87
Central 30-19	18 1/2	6.28	62.87
Aluminum Credit 50-20	18 1/2	6.28	62.87
Medifield 30-20	18 1/2	6.28	62.87
Central 30-20	18 1/2	6.28	62.87
Aluminum Credit 50-21	18 1/2	6.28	62.87
Medifield 30-21	18 1/2	6.28	62.87
Central 30-21	18 1/2	6.28	62.87
Aluminum Credit 50-22	18 1/2	6.28	62.87
Medifield 30-22	18 1/2	6.28	62.87
Central 30-22	18 1/2	6.28	62.87
Aluminum Credit 50-23	18 1/2	6.28	62.87
Medifield 30-23	18 1/2	6.28	62.87
Central 30-23	18 1/2	6.28	62.87
Aluminum Credit 50-24	18 1/2	6.28	62.87
Medifield 30-24	18 1/2	6.28	62.87
Central 30-24	18 1/2	6.28	62.87
Aluminum Credit 50-25	18 1/2	6.28	62.87
Medifield 30-25	18 1/2	6.28	62.87
Central 30-25	18 1/2	6.28	62.87
Aluminum Credit 50-26	18 1/2	6.28	62.87
Medifield 30-26	18 1/2	6.28	62.87
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Medifield 30-27	18 1/2	6.28	62.87
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Medifield 30-28	18 1/2	6.28	62.87
Central 30-28	18 1/2	6.28	62.87
Aluminum Credit 50-29	18 1/2	6.28	62.87
Medifield 30-29	18 1/2	6.28	62.87
Central 30-29	18 1/2	6.28	62.87
Aluminum Credit 50-30	18 1/2	6.28	62.87
Medifield 30-30	18 1/2	6.28	62.87
Central 30-30	18 1/2	6.28	62.87
Aluminum Credit 50-31	18 1/2	6.28	62.87
Medifield 30-31	18 1/2	6.28	62.87
Central 30-31	18 1/2	6.28	62.87
Aluminum Credit 50-32	18 1/2	6.28	62.87
Medifield 30-32	18 1/2	6.28	62.87
Central 30-32	18 1/2	6.28	62.87
Aluminum Credit 50-33	18 1/2	6.28	62.87
Medifield 30-33	18 1/2	6.28	62.87
Central 30-33	18 1/2	6.28	62.87
Aluminum Credit 50-34	18 1/2	6.28	62.87
Medifield 30-34	18 1/2	6.28	62.87
Central 30-34	18 1/2	6.28	62.87
Aluminum Credit 50-35	18 1/2	6.28	62.87
Medifield 30-35	18 1/2	6.28	62.87
Central 30-35	18 1/2	6.28	62.87
Aluminum Credit 50-36	18 1/2	6.28	62.87
Medifield 30-36	18 1/2	6.28	62.87
Central 30-36	18 1/2	6.28	62.87
Aluminum Credit 50-37	18 1/2	6.28	62.87
Medifield 30-37	18 1/2	6.28	62.87
Central 30-37	18 1/2	6.28	62.87
Aluminum Credit 50-38	18 1/2	6.28	62.87
Medifield 30-38	18 1/2	6.28	62.87
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Medifield 30-39	18 1/2	6.28	62.87
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Aluminum Credit 50-41	18 1/2	6.28	62.87
Medifield 30-41	18 1/2	6.28	62.87
Central 30-41	18 1/2	6.28	62.87
Aluminum Credit 50-42	18 1/2	6.28	62.87
Medifield 30-42	18 1/2	6.28	62.87
Central 30-42	18 1/2	6.28	62.87
Aluminum Credit 50-43	18 1/2	6.28	62.87
Medifield 30-43	18 1/2	6.28	62.87
Central 30-43	18 1/2	6.28	62.87
Aluminum Credit 50-44	18 1/2	6.28	62.87
Medifield 30-44	18 1/2	6.28	62.87
Central 30-44	18 1/2	6.28	62.87
Aluminum Credit 50-45	18 1/2	6.28	62.87
Medifield 30-45	18 1/2	6.28	62.87
Central 30-45	18 1/2	6.28	62.87
Aluminum Credit 50-46	18 1/2	6.28	62.87
Medifield 30-46	18 1/2	6.28	62.87
Central 30-46	18 1/2	6.28	62.87
Aluminum Credit 50-47	18 1/2	6.28	62.87
Medifield 30-47	18 1/2	6.28	62.87
Central 30-47	18 1/2	6.28	62.87
Aluminum Credit 50-48	18 1/2	6.28	62.87
Medifield 30-48	18 1/2	6.28	62.87
Central 30-48	18 1/2	6.28	62.87
Aluminum Credit 50-49	18 1/2	6.28	62.87
Medifield 30-49	18 1/2	6.28	62.87
Central 30-49	18 1/2	6.28	62.87
Aluminum Credit 50-50	18 1/2	6.28	62.87
Medifield 30-50	18 1/2	6.28	62.87
Central 30-50	18 1/2	6.28	62.87
Aluminum Credit 50-51	18 1/2	6.28	62.87
Medifield 30-51	18 1/2	6.28	62.87
Central 30-51	18 1/2	6.28	62.87
Aluminum Credit 50-52	18 1/2	6.28	62.87
Medifield 30-52	18 1/2	6.28	62.87
Central 30-52	18 1/2	6.28	62.87
Aluminum Credit 50-53	18 1/2	6.28	62.87
Medifield 30-53	18 1/2	6.28	62.87
Central 30-53	18 1/2	6.28	62.87
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Medifield 30-55	18 1/2	6.28	62.87
Central 30-55	18 1/2	6.28	62.87
Aluminum Credit 50-56	18 1/2	6.28	62.87
Medifield 30-56	18 1/2	6.28	62.87
Central 30-56	18 1/2	6.28	62.87
Aluminum Credit 50-57	18 1/2	6.28	62.87
Medifield 30-57	18 1/2	6.28	62.87
Central 30-57	18 1/2	6.28	62.87
Aluminum Credit 50-58	18 1/2	6.28	62.87
Medifield 30-58	18 1/2	6.28	62.87
Central 30-58	18 1/2	6.28	62.87
Aluminum Credit 50-59	18 1/2	6.28	62.87
Medifield 30-59	18 1/2	6.28	62.87
Central 30-59	18 1/2	6.28	62.87
Aluminum Credit 50-60	18 1/2	6.28	62.87
Medifield 30-60	18 1/2	6.28	62.87
Central 30-60	18 1/2	6.28	62.87
Aluminum Credit 50-61	18 1/2	6.28	62.87
Medifield 30-61	18 1/2	6.28	62.87
Central 30-61	18 1/2	6.28	62.87
Aluminum Credit 50-62	18 1/2	6.28	62.87
Medifield 30-62	18 1/2	6.28	62.87
Central 30-62	18 1/2	6.28	62.87
Aluminum Credit 50-63	18 1/2	6.28	62.87
Medifield 30-63	18 1/2	6.28	62.87
Central 30-63	18 1/2	6.28	62.87
Aluminum Credit 50-64	18 1/2	6.28	62.87
Medifield 30-64	18 1/2	6.28	62.87
Central 30-64	18 1/2	6.28	62.87
Aluminum Credit 50-65	18 1/2	6.28	62.87
Medifield 30-65	18 1/2	6.28	62.87
Central 30-65	18 1/2	6.28	62.87
Aluminum Credit 50-66	18 1/2	6.28	62.87
Medifield 30-66	18 1/2	6.28	62.87
Central 30-66	18 1/2	6.28	62.87
Aluminum Credit 50-67	18 1/2	6.28	62.87
Medifield 30-67	18 1/2	6.28	62.87
Central 30-67	18 1/2	6.28	62.87
Aluminum Credit 50-68	18 1/2	6.28	62.87
Medifield 30-68	18 1/2	6.28	62.87
Central 30-68	18 1/2	6.28	62.87
Aluminum Credit 50-69	18 1/2	6.28	62.87
Medifield 30-69	18 1/2	6.28	62.87
Central 30-69	18 1/2	6.28	62.87
Aluminum Credit 50-70	18 1/2	6.28	62.87
Medifield 30-70	18 1/2	6.28	62.87
Central 30-70	18 1/2	6.28	62.87
Aluminum Credit 50-71	18 1/2	6.28	62.87
Medifield 30-71	18 1/2	6.28	62.87
Central 30-71	18 1/2	6.28	62.87
Aluminum Credit 50-72	18 1/2	6.28	62.87
Medifield 30-72	18 1/2	6.28	62.87
Central 30-72	18 1/2	6.28	62.87
Aluminum Credit 50-73	18 1/2	6.28	62.87
Medifield 30-73	18 1/2	6.28	62.87
Central 30-73	18 1/2	6.28	62.87
Aluminum Credit 50-74	18 1/2	6.28	62.87
Medifield 30-74	18 1/2	6.28	62.87
Central 30-74	18 1/2	6.28	62.87
Aluminum Credit 50-75	18 1/2	6.28	62.87
Medifield 30-75	18 1/2	6.28	62.87
Central 30-75	18 1/2	6.28	62.87
Aluminum Credit 50-76	18 1/2	6.28	62.87
Medifield 30-76			

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